



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, March 1, 2022

4:00 PM

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20 (PENDING AB 361 IMPLEMENTATION), THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY JOIN THE MEETING BY FOLLOWING THE INSTRUCTIONS BELOW:

Meeting Information

Meeting link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=m966c2d53bf7bcca40f4c9b09f33ef2e8>

Meeting number: 2555 919 8705

Password: 1234

More ways to join

Join by video system

Dial 25559198705@webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-510-338-9438 USA Toll

Access code: 2555 919 8705

Password: 1234

Emergency phone number if WebEx tech difficulties

951-846-2846

code: 3376#

THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING IN ON THIS MEETING MUST BE "MUTED".

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2160. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

S. DiBiasi, Chair

II. Public Comment

Members of the public who wish to comment on any item on the agenda may speak during public comment or submit comments by emailing publiccomment@sgmh.org on or before 1:00 PM on Tuesday, March 1, 2022, which will become part of the board meeting record.

A five-minute limitation shall apply to each member of the public who wishes to address the Hospital Board of Directors on any matter under the subject jurisdiction of the Board. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Hospital Board of Directors, we want you to know that the Board acknowledges the comments or concerns that you direct to this Board. While the Board may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the Hospital CEO, or other Hospital Executive personnel, to do further research and report back to the Board prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board’s part; a response will be forthcoming.

GENERAL TOPIC

III. Leapfrog Presentation P. Kim A

OLD BUSINESS

IV. *Proposed Action - Approve Minutes S. DiBiasi B
• February 1, 2022, Regular Meeting

NEW BUSINESS

V. Hospital Board Chair Monthly Report S. DiBiasi verbal

VI. CEO Monthly Report S. Barron verbal

VII. March, April & May Board/Committee Meeting Calendars S. DiBiasi C

VIII. Foundation monthly report R. Robbins/
V.Hunter D

IX. Patient Care Services Bi-Monthly report P. Brown verbal

X. Committee Reports:

- Finance Committee S. DiBiasi/
 - February 22, 2022, regular meeting minutes D. Heckathorne E
 - * **Proposed Action – Approve January 2022 Financial Statement (Unaudited)**
(Approval recommended by Finance Committee 02/22/2022)
 - **ROLL CALL**
 - 2022 General Obligation Refunding Bonds Memorandum G. Hicks F
 - * **Proposed Action – Recommend approval to Healthcare District Board** G
 - **Adopt Resolution No. 2022-03**
(Authorizing the commencement of proceedings in connection with the proposed issuance of general obligation refunding bonds and designating a financial advisor, bond counsel and a placement agent in connection therewith)
(Approval recommended by Finance Committee 02/22/2022)
 - **ROLL CALL**
 - * **Proposed Action – Recommend approval to Healthcare District Board** H
 - **Adopt Resolution No. 2022-04**
(Approving the form and authorizing the execution of a deposit and transfer agreement (The deposit and transfer agreement, approved by this resolution, is attached as an exhibit to the resolution))
(Approval recommended by Finance Committee 02/22/2022)
 - **ROLL CALL**
 - 2022 Revenue Bonds Memorandum G. Hicks I
 - * **Proposed Action – Recommend approval to Healthcare District Board** J
 - **Adopt Resolution No. 2022-05**
(Authorizing the commencement of proceedings in connection with the proposed issuance of revenue bonds and designating a financial advisor, bond counsel, district counsel and a placement agent in connection therewith)
(Approval recommended by Finance Committee 02/22/2022)
 - **ROLL CALL**
 - * **Proposed Action – Recommend approval to Healthcare District Board** K
 - **Adopt Ordinance No. 2022-01**
(Approving a formal agreement for the sale of San Gorgonio Memorial Healthcare District Revenue bonds series 2022A (Federally Taxable) and San Gorgonio Memorial Healthcare District revenue bonds series 2022B (The form of bond purchase agreement, approved by this resolution, is attached to this ordinance))
(Approval recommended by Finance Committee 02/22/2022)
 - **ROLL CALL**
 - Bond Purchase Agreement – Informational G. Hicks L

- XI. Chief of Staff Report S. Khalil, MD M
* **Proposed Action - Approve Recommendations of the** Chief of Staff

Medical Executive Committee
▪ **ROLL CALL**

XII. * **Proposed Action - Approve Policies and Procedures** Staff N
▪ **ROLL CALL**

XIII. Community Benefit events/Announcements/
and newspaper articles S. DiBiasi O

XIV. Future Agenda Items

*** **ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION** S. DiBiasi

- Proposed Action - Recommend approval to Healthcare District Board - Medical Staff Credentialing
(Health & Safety Code §32155; and Evidence Code §1157)

XV. **ADJOURN TO CLOSED SESSION**

* **The Board will convene to the Open Session portion of the meeting approximately 2 minutes after the conclusion of Closed Session.**

RECONVENE TO OPEN SESSION

*** **REPORT ON ACTIONS TAKEN DURING CLOSED SESSION** S. DiBiasi

XVI. **ADJOURN** S. DiBiasi

***Action Required**

In accordance with The Brown Act, *Section 54957.5*, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

I certify that on February 25, 2022, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital, and on the San Gorgonio Memorial Hospital website, said time being at least 72 hours in advance of the regular meeting of the Board of Directors
(*Government Code Section 54954.2*).

Executed at Banning, California, on February 25, 2022



Ariel Whitley, Executive Assistant

TAB A

2021 Leapfrog Survey

San Geronio Memorial Hospital

1

Current Hospital Safety Grade

- Currently, for the fall of 2021, our hospital safety grade is a D on the Leapfrog Group's website.
- The main reason for this low grade is that results for 7 key areas of the survey were not submitted for the fall 2021 survey. Additionally, 3 key measurements tracked by CMS were also not reported, due to issues with the NHSN database.
- Consequently, this presented a large opportunity to significantly improve our letter grade.

2

Working Towards Our New Score

- As opposed to the last survey cycle, we are prepared to submit results for the 7 key areas on which we did not report last time.
- These 7 key areas are as follows:
 - Computerized Physician Order Entry (CPOE)
 - Bar Code Medication Administration
 - ICU Physician Staffing
 - Safe Practice 1: Culture of Leadership Structures and Systems
 - Safe Practice 2: Culture Measurement, Feedback & Intervention
 - Safe Practice 9: Nursing Workforce
 - Hand Hygiene

3

Computerized Physician Order Entry (CPOE) (Section 2)

- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive the maximum 100 points.
- In past survey cycles, Leapfrog required hospitals to take the CPOE test in order to be scored in this section.
- However, due to the Covid-19 pandemic, for this survey cycle Leapfrog is currently allowing hospitals to simply attest that 85% or greater of all inpatient medication orders are entered through our CPOE system.

4

Bar Code Medication Administration (Section 8A)

- This section is worth 100 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive the maximum 100 points.

5

ICU Physician Staffing (Section 5)

- This section of the survey is worth 100 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive the maximum 100 points.

6

Safe Practice 1: Culture of Leadership Structures and Systems (Section 6A)

- This section of the survey is worth 120 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive 115 points.
- We lost points in this section owing to one question:
 - Patients and/or families of patients are not active participants in the hospital-wide safety and quality committee meetings (**question 1.1b**).

7

Safe Practice 2: Culture Measurement, Feedback & Intervention (Section 6B)

- This section of the survey is worth 120 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive 100 points.
- We lost points in this section in two areas:
 - Within the last 36 months, we did not include in performance evaluation criteria for senior administrative leadership both the response rates to the culture of safety survey and the use of the culture of safety survey results in the improvement efforts (**question 2.2c**).
 - Within the last 24 months, we did not identify performance improvement interventions based on the culture of safety survey results, which were shared with senior administrative leadership and subsequently measured and monitored (**question 2.4c**)
 - Both questions pertain to our culture of safety survey(s).

8

Safe Practice 9: Nursing Workforce (Section 6C)

- This section of the survey is worth 100 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive the maximum 100 points.

9

Hand Hygiene (Section 6D)

- This section of the survey is worth 100 points.
- Based on Leapfrog's scoring methodology, we expect this survey cycle to receive the maximum 100 points.

10

Improvements in CMS Data Reporting

- For the last survey, due to NHSN database issues, we did not report on the following items:
 - CLABSI
 - Surgical Site Infections (SSI) of the Colon
 - MRSA
- These issues have been resolved and will be reported to the Leapfrog group as part of the new survey results.

11

So, where does this leave us?

- Our Letter Grade for Spring 2021 is expected to be higher than a D, in large part simply because we are now reporting more information.
- Based on our direct responses to the questions in the survey and information reported automatically to the Leapfrog Group by CMS, we are looking at scoring in the B range.

12

Where We Are Doing Well

- As mentioned above, we are doing very well with CPOE, BCMA, ICU Physician Staffing, Nursing Workforce, and Hand Hygiene – we expect to receive the maximum number of points in these sections.
- For the CMS survey questions and NHSN outcome measures that are directly reported to the Leapfrog Group, our numbers compare well to the national average. In particular, our CAUTI numbers have dropped significantly (approximately 50%) since the last Leapfrog survey cycle.

13

Biggest Areas for Improvement

- The three Safe Practices are areas where we can gain even more points than we are expected to receive this survey cycle.
- Keeping our scores in the Safe Practices area in the 90-100% range will greatly help with maintaining at least a B grade and possibly achieve an A grade.
- Continuing to improve our NHSN infection control metrics will also have a strong effect on our score.
- Maintaining good scores on the CMS patient surveys also will help us achieve a good letter grade, especially if these scores are greater than or equal to the national average.

14



15

TAB B

REGULAR MONTHLY BOARD
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

February 1, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors was held on Tuesday, February 1, 2022. In an effort to prevent the spread of COVID-19 (coronavirus) and in accordance with the Governor's Executive Order N2920 (pending SB 361 implementation) there was no public location for attending this board meeting in person. Board members and members of the public participated via teleconference.

Members Present: Phillip Caporale III, Susan Dias (Chair), Karen Go, Ron Rader, Steve Riedel, Randal Stevens, Dennis Mansley, Siri Welch

Members Present: Joel Aha

Required Staff: Steve Barron (CEO), Pat Brown (COO/COO), Daniel Heathorne (CEO), Sherif Khalil, MD (Chief of Staff), Hannah Aram (CHRO), Ariel Hitley (Executive Assistant), Aram Singh, MD (CMO), Angie Brady (Director), Margaret Hammer (Controller), Valerie Hunter (Foundation Director)

AGENDA ITEM		ACTION / FOLLOW-UP
Call To Order	Chair Susan Dias called the meeting to order at 4:03 pm.	
Public Comment	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing publiccomment@sgmh.org prior to this meeting. No public comment emails were received.	
OLD BUSINESS		
Proposed Action - Approve Minutes January 4, 2022, regular meeting.	Chair Dias asked for any changes or corrections to the minutes of the January 4, 2022 regular meeting as included on the board tablets.	The minutes of the January 4, 2022, regular meeting will stand correct as presented.
NEW BUSINESS		

AGENDA ITEM		ACTION / FOLLOW-UP
Hospital Board Chair Monthly Report	Chair DiBiasi reported that we have been dealing with the consequences of COVID lately. Susan also mentioned that she would be happy to donate her column in the Hospital newsletter to board members. If you are interested please contact Susan. All content will be reviewed prior to publishing.	
CEO Monthly Report	Steve Barron CEO reported that we currently have several patients and staff that are with COVID. We are experiencing a staff shortage and we are unsure of what to expect financially for the month of January. Positively our volumes are at or above budget. Steve reminded everyone to be cautious and continue social distancing to remain safe. Lastly Steve reported that the implementation of the dashboard is delayed due to supply issues. We anticipate receiving it by the end of March.	
February, March, & April Board/Committee meeting calendars	Calendars for February, March and April were included on the board tablets.	
Foundation Monthly Report	The Foundation Director, Valerie Hunter gave the Foundation Monthly Report as included on the board tablets.	
Annual Completion of FPPC Statement of Economic Interest (Form 700) for 2021	Chair DiBiasi noted that the 2021 FPPC Form 700s were sent via SPS on February 1, 2022. These completed forms are due back to Ariel Hitley not later than March 11th.	

AGENDA ITEM		ACTION / FOLLOW-UP																				
<p>Proposed Action – Approve 2022 Environment of Care Plans</p>	<p>Jan Mares briefly reviewed the 2022 Environment of Care Plans as included on the board tablets. These plans included:</p> <ul style="list-style-type: none"> • 2022 Hazardous Materials and Waste Management Plan • 2022 Life Safety (Fire Safety) Plan • 2022 Utilities Management Plan • 2022 Medical Equipment Management Plan • 2022 Environmental Safety and Security Management Plan • 2022 Emergency Management Plan <p>OOOR MMR RO C:</p> <table border="1" data-bbox="383 730 1247 919"> <tr> <td>Capoianco</td> <td>es</td> <td>iasias</td> <td>es</td> </tr> <tr> <td>aha</td> <td>sent</td> <td>go</td> <td>es</td> </tr> <tr> <td>Rader</td> <td>es</td> <td>Rutledge</td> <td>es</td> </tr> <tr> <td>Stevens</td> <td>es</td> <td>Tankersley</td> <td>es</td> </tr> <tr> <td>elch</td> <td>es</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capoianco	es	iasias	es	aha	sent	go	es	Rader	es	Rutledge	es	Stevens	es	Tankersley	es	elch	es	Motion carried.		<p>M.S.C., (Rader/Tankersley) the SGMH Board of Directors approved the 2022 Environment of Care Plans as presented.</p>
Capoianco	es	iasias	es																			
aha	sent	go	es																			
Rader	es	Rutledge	es																			
Stevens	es	Tankersley	es																			
elch	es	Motion carried.																				
<p>COMMITTEE REPORTS:</p>																						
<p>Finance Committee Proposed Action – Recommend Approval of the December 2021 Financial Statement (Unaudited).</p>	<p>Jan Hecathorne CEO reviewed the Executive Summary of the December 2021 financial report which was included on the board tablet. A copy of the Finance Committee’s January 25, 2022 meeting minutes were also included on the board tablet. It was noted that the Finance Committee recommends approval of the December 2021 financial report as presented.</p> <p>OOOR MMR RO C:</p> <table border="1" data-bbox="383 1360 1247 1549"> <tr> <td>Capoianco</td> <td>es</td> <td>iasias</td> <td>es</td> </tr> <tr> <td>aha</td> <td>sent</td> <td>go</td> <td>es</td> </tr> <tr> <td>Rader</td> <td>es</td> <td>Rutledge</td> <td>es</td> </tr> <tr> <td>Stevens</td> <td>es</td> <td>Tankersley</td> <td>es</td> </tr> <tr> <td>elch</td> <td>es</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capoianco	es	iasias	es	aha	sent	go	es	Rader	es	Rutledge	es	Stevens	es	Tankersley	es	elch	es	Motion carried.		<p>M.S.C., (Rader/Rutledge), the SGMH Board of Directors approved the December 2021 Financial Statement as presented.</p>
Capoianco	es	iasias	es																			
aha	sent	go	es																			
Rader	es	Rutledge	es																			
Stevens	es	Tankersley	es																			
elch	es	Motion carried.																				
<p>Updated Self Pay and Charity Care Policy</p>	<p>Jan Hecathorne CEO spoke briefly on the updates to the Self Pay portion of the Self Pay and Charity Care Policy.</p>																					

AGENDA ITEM		ACTION / FOLLOW-UP																				
<p>Proposed Action – Recommend approval to the Healthcare District Board - Adopt Resolution No. 2022-01</p>	<p>Jan Hecathorne reported that Resolution No. 2022-01 is a resolution authorizing the execution and delivery of a Loan and Security Agreement Promissory Note and certain actions in connection therewith for the California Health Facilities Financing Authority Bonded Designated Public Hospital Bridge Loan Program.</p> <p>It was noted that this resolution was recommended for approval by the Finance Committee.</p> <p>OOR MMR RO C:</p> <table border="1" data-bbox="383 678 1247 869"> <tr> <td>Capoianco</td> <td>Yes</td> <td>Diiasi</td> <td>Yes</td> </tr> <tr> <td>Alaha</td> <td>Absent</td> <td>Go</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Stevens</td> <td>Yes</td> <td>Wanersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capoianco	Yes	Diiasi	Yes	Alaha	Absent	Go	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Wanersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C., (Welch/Ngo), the SGMH Board of Directors voted to recommend approval to the Healthcare District Board to adopt Resolution No. 2022-01.</p>
Capoianco	Yes	Diiasi	Yes																			
Alaha	Absent	Go	Yes																			
Rader	Yes	Rutledge	Yes																			
Stevens	Yes	Wanersley	Yes																			
Welch	Yes	Motion carried.																				
<p>Chief of Staff Report</p> <p>Proposed Action – Approve Recommendations of the Medical Executive Committee</p>	<p>Sherif Khalil, M.D., Chief of Staff, briefly reviewed the Medical Executive Committee report as included on the Board tablets.</p> <p>Approval Items:</p> <ul style="list-style-type: none"> • 2022 Annual Approval of Policies and Procedures • Pharmacy and Therapeutics • Approval of Beta Strep Screen for Sore Throat <p>OOR MMR RO C:</p> <table border="1" data-bbox="383 1283 1247 1474"> <tr> <td>Capoianco</td> <td>Yes</td> <td>Diiasi</td> <td>Yes</td> </tr> <tr> <td>Alaha</td> <td>Yes</td> <td>Go</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Stevens</td> <td>Yes</td> <td>Wanersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capoianco	Yes	Diiasi	Yes	Alaha	Yes	Go	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Wanersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C., (Rutledge/Welch), the SGMH Board of Directors approved the Medical Executive Committee recommended approval items as submitted.</p>
Capoianco	Yes	Diiasi	Yes																			
Alaha	Yes	Go	Yes																			
Rader	Yes	Rutledge	Yes																			
Stevens	Yes	Wanersley	Yes																			
Welch	Yes	Motion carried.																				

AGENDA ITEM		ACTION / FOLLOW-UP																				
Proposed Action – Approve Policies and Procedures	<p>There were twenty-one (21) policies and procedures included on the Board tablets presented for approval by the Board.</p> <p>OOOR MOMOR ROOC:</p> <table border="1" data-bbox="383 457 1247 646"> <tr> <td>Capoianco</td> <td>Yes</td> <td>Diiasia</td> <td>Yes</td> </tr> <tr> <td>Maaha</td> <td>Consent</td> <td>Go</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rtledge</td> <td>Yes</td> </tr> <tr> <td>Stevens</td> <td>Yes</td> <td>Manersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capoianco	Yes	Diiasia	Yes	Maaha	Consent	Go	Yes	Rader	Yes	Rtledge	Yes	Stevens	Yes	Manersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C., (Rader/Stevens), the SGMH Board of Directors approved the policies and procedures as submitted.</p>
Capoianco	Yes	Diiasia	Yes																			
Maaha	Consent	Go	Yes																			
Rader	Yes	Rtledge	Yes																			
Stevens	Yes	Manersley	Yes																			
Welch	Yes	Motion carried.																				
Community Benefit events/Announcements and newspaper articles	<p>Miscellaneous information was included on the Board tablets.</p> <p>Ron Rader thanked the Hospital staff that attended the Beaumont Chamber of Commerce City of the Year event. Ron also announced that Mr. Della Condon will be the featured speaker at the Good Morning Beaumont Breakfast. If anyone is interested in attending contact the Chamber prior to February 11th.</p>																					
Future Agenda Items	<p>None.</p>																					
Adjourn to Closed Session	<p>Chair Diiasia reported the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p> <ul style="list-style-type: none"> ➤ Recommend approval to the Healthcare District Board – Medical Staff Credentialing ➤ Participate in telephone conference with legal counsel ➤ Receive 2021 Annual Environment of Care Evaluations ➤ Receive Quarterly Emergency Preparedness/Environment Safety report ➤ Receive Quarterly Corporate Compliance Committee report ➤ Receive Quarterly Performance Improvement Committee report <p>The meeting adjourned to Closed Session at 5:06 pm.</p>																					

AGENDA ITEM		ACTION / FOLLOW-UP
Reconvene to Open Session	<p>The meeting adjourned from closed session at 5:50pm.</p> <p>At the request of Chair Michael J. Hitley reported on the actions taken/information received during the Closed Session as follows:</p> <ul style="list-style-type: none"> ➤ Recommended approval to the Healthcare District Board – Medical Staff Credentialing ➤ Participated in telephone conference with legal counsel ➤ Received 2021 Annual Environment of Care Evaluations ➤ Received Quarterly Emergency Preparedness/Environment Safety report ➤ Received Quarterly Corporate Compliance Committee report ➤ Received Quarterly Performance Improvement Committee report 	
Adjourn	The meeting was adjourned at 5:50pm.	

In accordance with the provisions of Section 54957.5 all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 W. Highland Springs Avenue, Ann Arbor, MI 48106 during regular business hours Monday through Friday 8:00 am to 4:30 pm.

Respectfully submitted by Michael J. Hitley, Executive Assistant

TAB C



March 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	2	3	4	5
6	7	8	9	10	11	12
13 Daylight Saving!	14	15	16	17 	18	19
20	21	22	23	24	25	26
27	28	29 9:00 am Finance Committee 10:00 am Executive Committee	30	31		

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend



April 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26 9:00 am Finance Committee	27	28	29	30

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend



May 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	4	5	6	7
8	9	10	11	12	13	14
15	16	17 9:00 am Community Planning Committee	18 9:00 am HR Committee 5:00 Measure D Mtg. 5:15 Measure A Mtg.	19	20	21
22	23	24	25	26	27	28
29	30 Administration Closed. Memorial Day!	31 9:00 am Finance Committee				

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend

TAB D

SGMH Foundation February 2022 Report

Foundation Finances for February 2022 (as of February 23, 2022)

Bank of Hemet Checking Acct	\$279,189.80	(actual as of <u>February 23, 2022</u>)
Bank of Hemet Money Market Acct	\$128,080.74	(actual as of <u>February 23, 2022</u>)
I.E. Community Foundation Acct:	\$105,800.45	<u>Actual for Jan 2022.</u> (Feb 2022 not available)
Total	\$513,070.99	

Foundation Report

- The Foundation Board will continue its on-going focus obtaining the support to help purchase the much needed equipment for the hospital as well as, gathering support for the programs and services offered to the community.

Support by way of:

- Grants
 - Possible Fall golf tournament
 - 1 or 2 annual direct mail pieces for 2022
 - A Veterans event
-
- The Foundation is going to start working with the hospital chaplains to help obtain some much-needed funds to support the efforts of the chaplains.
 - Most recently, AmazonSmile, PayPal and eBay are working with the Foundation office to obtain donations from vendors who sell their merchandise through these third party platforms.
 - Last, the Foundation is working on obtaining clothing for the hospital's indigent patients who need help when they are discharged.

TAB E

REG~~ION~~R M~~EM~~ORIAL G~~EN~~ERAL H~~OSPITAL~~
S~~AN~~ GORGONIO M~~EM~~ORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
Tuesday February 22, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday February 22, 2022. To prevent the spread of COVID-19 (coronavirus) and in accordance with the Governor's Executive Order N29-20 there was no public location for attending this committee meeting in person. Committee members, staff members and members of the public participated telephonically.

Members Present: Susan Dias (Chair), Ron Rader, Steve Riedel, Siri Welch

Members Absent: None

Required Staff: Steve Barron (CEO), Pat Brown (COO/COO), Daniel Heathorn (CEO), Ariel Hitley (Executive Assistant), Aron P. Singh (CMO), Gary Hicks (G. Hicks Financial), Margaret Hammer (Controller)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Susan Dias called the meeting to order at 9:09 am.	
Public Comment	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing publiccomment@sgmh.org prior to this meeting. No public comment emails were received.	
OLD BUSINESS		
Proposed Action - Approve Minutes January 25, 2022, regular meeting	Susan Dias asked for any changes or corrections to the minutes of the January 25, 2022 regular meeting. There were none.	The minutes of the January 25, 2022, regular meeting will stand correct as presented.
NEW BUSINESS		
2022 General Obligation Refunding Bonds	Gary Hicks with G. Hicks Financial reviewed the 2022 General Obligation Refunding Bonds Memorandum discussing details of the bond and Resolution No. 2022-03 as well as Resolution No.	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
Memorandum	2022-04.													
<p>Proposed Action – Recommend approval to Hospital Board to adopt Resolution No. 2022-03 regarding authorizing the commencement of proceedings in connection with the proposed issuance of general obligation refunding bonds and designating a financial advisor, bond counsel and a placement agent in connection therewith.</p>	<p>Gary Hicks reviewed Resolution No. 2022-03 authorizing the commencement of proceedings in connection with the proposed issuance of general obligation refunding bonds and designating a financial advisor, bond counsel and a placement agent in connection therewith.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 695 1227 810"> <tr> <td>Hickasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	Hickasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval to adopt Resolution No. 2022-03 regarding authorizing the commencement of proceedings in connection with the proposed issuance of general obligation refunding bonds and designating a financial advisor, bond counsel and a placement agent in connection therewith.</p>
Hickasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
<p>Proposed Action – Recommend approval to Hospital Board to adopt Resolution No. 2022-04 regarding Approving the form and authorizing the execution of a deposit and transfer agreement (The deposit and transfer agreement, approved by this resolution, is attached as an exhibit to the Resolution).</p>	<p>Gary Hicks reviewed Resolution No. 2022-04 approving the form and authorizing the execution of a deposit and transfer agreement (the deposit and transfer agreement approved by this resolution is attached as an attachment to the resolution).</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 1503 1227 1619"> <tr> <td>Hickasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	Hickasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p>M.S.C. (Rutledge/Ngo), the SGMH Finance Committee voted to recommend approval to adopt Resolution No. 2022-04 regarding Approving the form and authorizing the execution of a deposit and transfer agreement (The deposit and transfer agreement, approved by this resolution, is attached as an</p>
Hickasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
		exhibit to the Resolution).												
2022 Revenue Bonds Memorandum	Gary Hicks with G. J. Financial reviewed the 2022 Revenue Bonds Memorandum discussing details of the bond and Resolution No. 2022-05 as well as Ordinance No. 2022-01.													
Proposed Action – Recommend approval to Hospital Board to adopt Resolution No. 2022-05 regarding authorizing the commencement of proceedings in connection with the proposed issuance of revenue bonds and designating a financial advisor, bond counsel, district counsel and a placement agent in connection therewith.	Gary Hicks reviewed Resolution No. 2022-05 authorizing the commencement of proceedings in connection with the proposed issuance of revenue bonds and designating a financial advisor, bond counsel, district counsel and a placement agent in connection therewith. It was noted that approval is recommended to the Hospital Board. ROLL CALL: <table border="1" data-bbox="394 879 1227 995"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Wago</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> Motion carried.	DiBiasi	Yes	Wago	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			M.S.C. (DiBiasi/Welch), the SGMH Finance Committee voted to recommend approval to adopt Resolution No. 2022-05 regarding authorizing the commencement of proceedings in connection with the proposed issuance of revenue bonds and designating a financial advisor, bond counsel, district counsel and a placement agent in connection therewith.
DiBiasi	Yes	Wago	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
Proposed Action – Recommend approval to Hospital Board to adopt Ordinance No. 2022-01 regarding approving a formal agreement for the sale of San Gorgonio Memorial Healthcare District Revenue bonds series 2022A (Federally Taxable) and San Gorgonio	Gary Hicks reviewed Ordinance No. 2022-01 approving a formal agreement for the sale of San Gorgonio Memorial healthcare District Revenue Bonds series 2022A (Federally Taxable) and San Gorgonio Memorial Healthcare District revenue bonds series 2022A (the form of bond purchase agreement approved by this resolution is attached to this ordinance). It was noted that approval is recommended to the Hospital Board. ROLL CALL: <table border="1" data-bbox="394 1724 1227 1839"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Wago</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> Motion carried.	DiBiasi	Yes	Wago	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			M.S.C. (Rader/Welch), the SGMH Finance Committee voted to recommend approval to adopt Ordinance No. 2022-01 regarding approving a formal agreement for the sale of San Gorgonio Memorial Healthcare District Revenue bonds series 2022A
DiBiasi	Yes	Wago	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Memorial Healthcare District revenue bonds series 2022B (The form of bond purchase agreement, approved by this resolution, is attached to this ordinance).</p>		<p>(Federally Taxable) and San Geronio Memorial Healthcare District revenue bonds series 2022B (The form of bond purchase agreement, approved by this resolution, is attached to this ordinance).</p>												
<p>Bond Purchase Agreement – Informational</p>	<p>The Bond Purchase Agreement document was included as informational. This document was also included as an exhibit in Ordinance No. 2022-01.</p>													
<p>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – January 2022</p>	<p>Daniel Hecathorne reviewed the unaudited January 2022 finance report as included in the board packets.</p> <p>Mr. Hecathorne reported that January had a \$1.01M deficit compared to budgeted deficit loss of \$680. The Hospital began to see a gradual increase in COVID related cases toward the end of December which carried on into January. This had a large impact on January’s operations as the hospital was forced to cancel elective surgeries for three to four weeks due to staffing reassignments needed to care for COVID patients. Inpatient corridors were up due to the COVID surge. Admitted Patient Days were below budget (2352 vs 2482) while Patient Days were over budget (1306 vs 1263). Emergency visits were right on budget (3466 vs 3460) but Surgeries were significantly under budget (55 vs 103) due to the cancellation of elective surgeries.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 1724 1222 1835"> <tr> <td>Chiasari</td> <td>Yes</td> <td>Go</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	Chiasari	Yes	Go	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p>M.S.C. (Rutledge/Rader), the SGMH Finance Committee voted to recommend approval of the Unaudited January 2022 Financial report to the Hospital Board of Directors.</p>
Chiasari	Yes	Go	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Future Agenda Items	None.	
Next Meeting	The next regular Finance Committee meeting will be held on March 29, 2022.	
Adjournment	The meeting was adjourned 10:28 am.	

In accordance with the provisions of *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 W. Highland Springs Avenue, Ann Arbor, MI 48106 during regular business hours Monday through Friday 8:00 am to 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant



SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA

Unaudited Financial Statements

for

SEVEN MONTHS ENDING JANUARY 31, 2022

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

Daniel R. Heckathorne

Daniel R. Heckathorne

CFO

San Geronio Memorial Hospital

Financial Report - Executive Summary

For the Month of January 31, 2022 and Seven Months Ended January 31, 2022 (Unaudited)

Profit/Loss (EBIDA) Summary (MTD) Negative and (YTD) Positive (see YTD Note)

The month of January had a \$1.01M negative Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$678K.

YTD – There was a \$2.73M loss in Earnings before Interest, Depreciation and Amortization (EBIDA) compared to a budgeted loss of \$3.16M (adjusted to \$2.26M to remove \$895K IGT Expense booked in 2021).

Month – Adjustments/unusual items: The Hospital started seeing a gradual increase in covid related cases toward the end of December, which continued to accelerate into January. This had a slight effect on the December financials and had a larger impact on January's operations, as the hospital was forced to cancel elective surgeries for 3 – 4 weeks due to staffing reassignments needed for covid patients.

January's inpatient workloads were up significantly from December due to the covid surge. Adjusted Patient Days were 5.2% below budget (2,352 vs. 2,482) while Patient Days were 3.4% over budget (1,306 vs. 1,263). Emergency Visits were right on budget (3,466 vs. 3,467), but Surgeries were significantly under budget (47%) due to cancellation of elective surgeries for 3 – 4 weeks (55 vs. 103).

YTD – Overall workloads are as follows: Adjusted Patient Days = 14,511 vs. 15,333 budgeted (-5.4%); Patient Days = 6,353 vs. 7,392 budgeted (-14%); Emergency Visits = 23,683 vs. 22,625 (+4.7%), and Surgeries were 709 vs. 618 (+15%). EBIDA results are now \$425K better than the unadjusted EBIDA target of \$3.16M for the first 7 months of the year. Overall Operating Revenues are \$48K under budget, while Operating Expenses were \$473K under budget.

Patient Revenues (MTD) Positive & YTD Positive

Month - The Net Patient Revenue in January was \$6.16M compared to the budgeted \$5.93M. There was an estimated increase in managed care contracted revenues of \$263K in January which helped improve the Net Revenues.

YTD – Net Patient Revenue through January was \$35.9M compared to the budgeted \$35.4M. The increase in managed care contracted revenue since September has been estimated at \$1.0M.

Total Operating Revenues (MTD) Positive & (YTD) Negative

Month – Operating Revenue in January was \$160K over budget. This was favorably impacted by the favorable \$226K variance in Net Patient Revenues, receipt of \$98K of retro-Rate Range income, with some offsetting variances due to from delay of booking DSH income (\$83K) until the final audit results are available, and assorted miscellaneous revenues were below budget in the month.

YTD – Operating Revenue was \$48K under budget, impacted by the Net Patient Revenues being \$492K over budget while Non-Patient Revenues were \$540K under budget.

Operating Expenses (MTD) Negative & (YTD) Negative

Month - Operating Expenses in January were \$7.80M and were over budget by \$495K. Notable items impacting the budget were as follows: 1) Salaries were \$115K over budget due to much overtime related to the covid surge. 2) Benefits were over budget due to a 6 month reconciliation of the Blue Cross Employee Health program of \$296K; 3) Contract Labor was \$41K over budget due to covid relief staffing needs; 4) Physician Fees were \$43K under budget due to updated accrual rates for the Medical Residents; 5) In spite of the high covid workload, Supplies were only \$17K over budget, with a \$42K favorable variance in Pharmacy supplies while Lab supplies were \$99K over budget; 6) Utilities were over budget (\$59K) primarily due to the costs associated with the cold weather in January; 7) Other Expenses were \$38K below budget. Unusual expenditures included annual District Hospital Leadership annual dues of \$65K, while everyone is continuing to take a conservative approach on all costs

including dues and subscriptions, outside travel, and education costs. 8) Rents and Leases were \$62K below budget, which includes the delay in the startup of the surgical robotics program (\$25K) and conversion of a portion of telemetry monitors to actual purchases (\$34K).

YTD – Variances include: 1) Salaries were \$260K under budget while Benefits were \$249K over budget; 2) Contract Labor was over budget by \$270K due to shortage of nurses and the covid surge; 3) Supplies were over budget by \$1.06M, largely due to the covid surges and much higher Surgery volumes than budgeted. Some of the major variances over budget include Surgery (\$157K), Lab (\$612K), Pharmaceuticals (\$89K), Emergency (\$123K), and Blood (\$51K). 4) Repairs were over budget by \$80K, which included accelerated repairs made on emergency doors and negative pressure rooms; 5) Other Expenses were \$733K below budget as generally everyone is taking a conservative approach toward many projects during this year, including dues and subscriptions, outside education, travel, and other (combined \$514K); 6) IGT Expense was under budget by \$895K due to those costs being included in the previous year's audited statements; and 7) Leases and Rentals were \$381K below budget, of which \$363K was impacted by the exclusion of leasing telemetry monitors along with the delay in the surgical robotics lease.

Balance Sheet/Cash Flow

Patient cash collections in January were \$4.2M, which dropped from the \$6.0M in December. (February's collections are projected to rebound from the January performance.) The Gross A/R Days stand at 74.4 days compared to 69.5 in December. This increase in days is attributed to: 1) an \$8M increase in gross revenues and 2) the inability of the team to relieve Bad Debt write-offs due to complications numerous hospitals are facing trying to implement the somewhat ambiguous interpretations of the new AB1020 rule which changed the "150 day" self-pay billing process to a mandated "180 day" billing process. There are new requirements for a "good-bye letter" to be sent to patients prior to assignment to a collection agency – this letter requires significant additional notifications of pending bad debt placement along with financial assistance applications being submitted (sometimes again) prior to an account being out-sourced. This new procedure is also requiring additional modifications to be made by the Hospital's I.T. provider to develop the appropriate electronic files necessary for the collection agencies to carry out these new procedures.

Cash increased to \$7.3M in January from \$4.4M in December, impacted by receipt of \$6M Rate Range funds and receipt of various County taxes. Net Accounts Receivables increased by \$2.4M compared to December (see previous paragraph). The line of credit balance remained at \$9M at the end of the month. The Accounts Payable was \$8.2M compared to \$9.9M in December. Finally, the semi-annual G.O. Bonds interest payments (\$2.3M) were also made in January.

Concluding Summary

Positive takeaways:

- 1) Net Patient Revenues were favorable in January.
- 2) Supplies expenses were much closer to budget than in previous months.

Negative takeaways:

- 1) Patient Surgeries were down significantly due to covid impact on staffing capacity, or financial outcomes may have been more positive.
- 2) The next 5 months will be challenging without having Rate Range Supplemental funding.

Dashboard Items:

Included in the January Financial Reports are the Dashboard reports as previously presented.

STATISTICS

Inpatient Admissions/Discharges (Monthly Average)

Represents number of patients admitted/discharged into and out of the hospital.

Patient Days (Monthly Average)

Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.

Average Daily Census (Inpatient)

Equals the average number of inpatients in the hospital on any given day or month.

Average Length of Stay (Inpatient)

Represents that average number of days that inpatients stay in the hospital.

Emergency Visits (Monthly Average)

Represents the number of patients who sought services at the emergency room.

Surgery Cases - Excluding G.I. (Monthly Average)

Equals the number of patients who had a surgical procedure(s) performed.

G.I. Cases (Monthly)

Number of patients who had a gastrointestinal exam performed.

Newborn Deliveries (Monthly)

Number of babies delivered.

PRODUCTIVITY

Worked FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 1,73.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's

Worked FTEs per APD

Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.

Paid FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 1,73.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.

Paid FTEs per APD

Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.

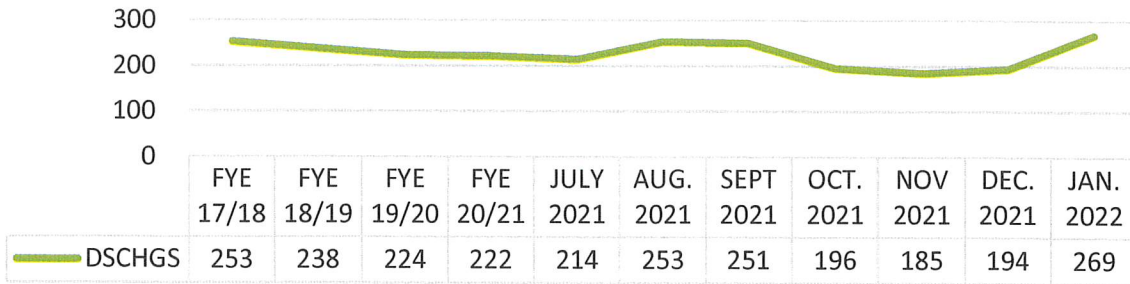
ADJUSTED PATIENT DAYS

This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

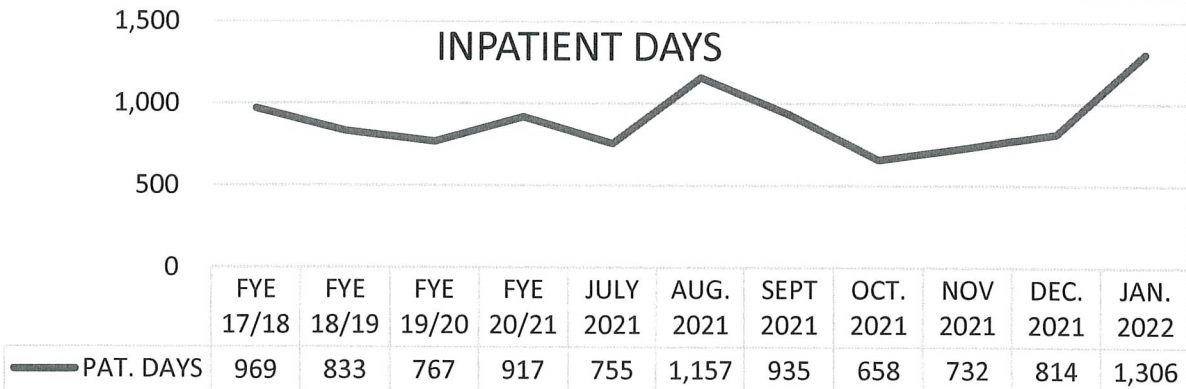
W-1-A

SAN GORGONIO MEMORIAL HOSPITAL

INPATIENT DISCHARGES



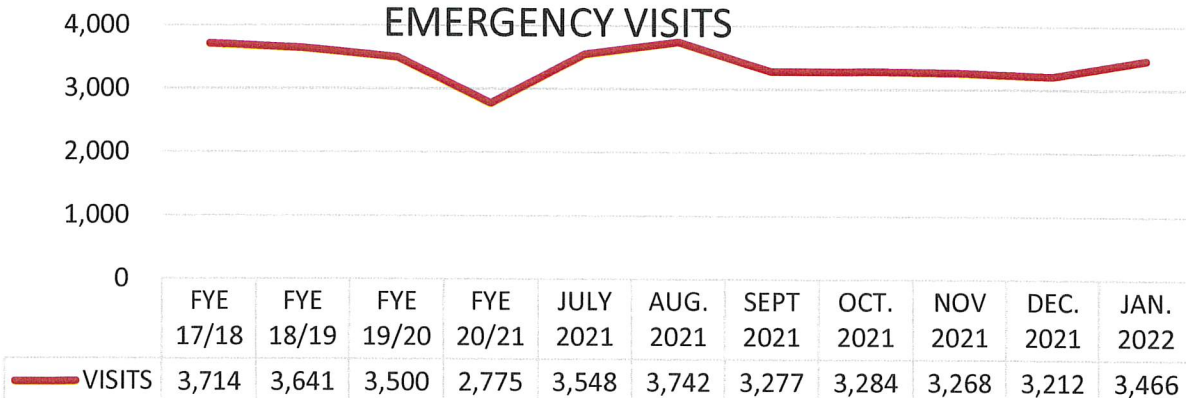
INPATIENT DAYS



AVERAGE LENGTH OF STAY

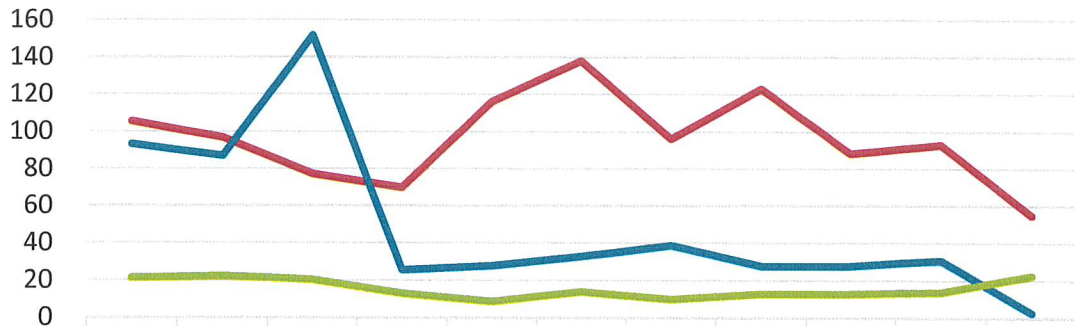


EMERGENCY VISITS



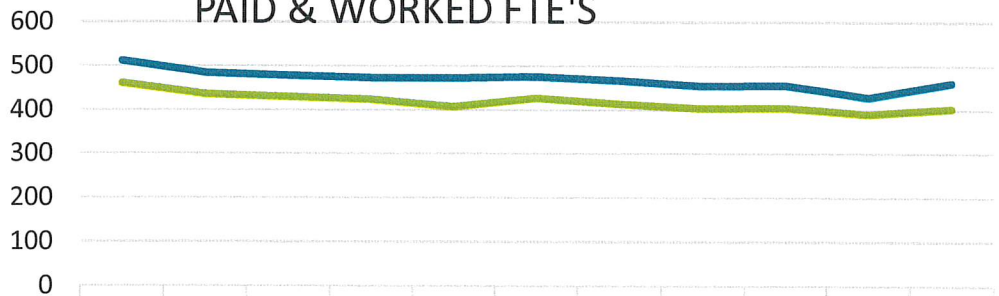
SAN GORGONIO MEMORIAL HOSPITAL

SURGERY CASES, G.I. CASES, N/B DELIVERIES



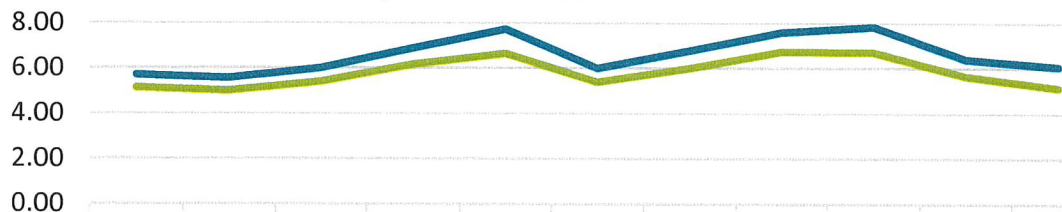
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG. 2021	SEPT 2021	OCT. 2021	NOV 2021	DEC. 2021	JAN. 2022
— SURG.	105	97	77	70	116	138	96	123	88	93	55
— G.I. CASES	93	87	152	26	28	33	39	28	28	31	3
— DELIV.	21	22	21	13	9	14	10	13	13	14	23

PAID & WORKED FTE'S



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG., 2021	SEPT., 2021	OCT., 2021	NOV, 2021	DEC, 2021 (est.)	JAN, 2022 (est)
— PAID FTES	511	484	479	474	473	476	468	455	457	430	462
— WRKD FTES	461	436	431	425	408	428	414	404	405	392	404

PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG., 2021	SEPT., 2021	OCT., 2021	NOV, 2021	DEC, 2021 (est.)	JAN, 2022 (est)
— PFTES/APD	5.69	5.55	6.01	6.89	7.72	6.00	6.79	7.59	7.84	6.42	6.09
— WFTES/APD	5.13	5.00	5.41	6.18	6.66	5.39	6.01	6.74	6.72	5.66	5.16

INCOME STATEMENT

Gross Patient Revenue (000's) (Monthly Ave.)

Represents total charges (before discounts and allowances) made for all patient services provided.

Net Patient Revenue (NPR) (000's) (Monthly Ave.)

Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

NPR as % of Gross

Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.

Total Operating Revenue (000's) (Monthly Ave.)

This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.

Salaries, Wages, Benefits & Contract Labor (000's)
(Monthly Ave.)

Represents the total staffing expenses of the Hospital

SWB + Contract Labor as % of Total Operating
Revenue

Identifies what portion the Operating Revenues are spent on staffing costs.

Total Operating Expense (TOE) (000's)(Monthly Ave.)

Operating Expense reflects all costs needed to fund the Hospital's business operations.

TOE as % of Total Operating Revenue

Identifies the relationship that Operating Expenses have to the Total Operating Revenues.

EBIDA (000's)(Monthly Average)

Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.

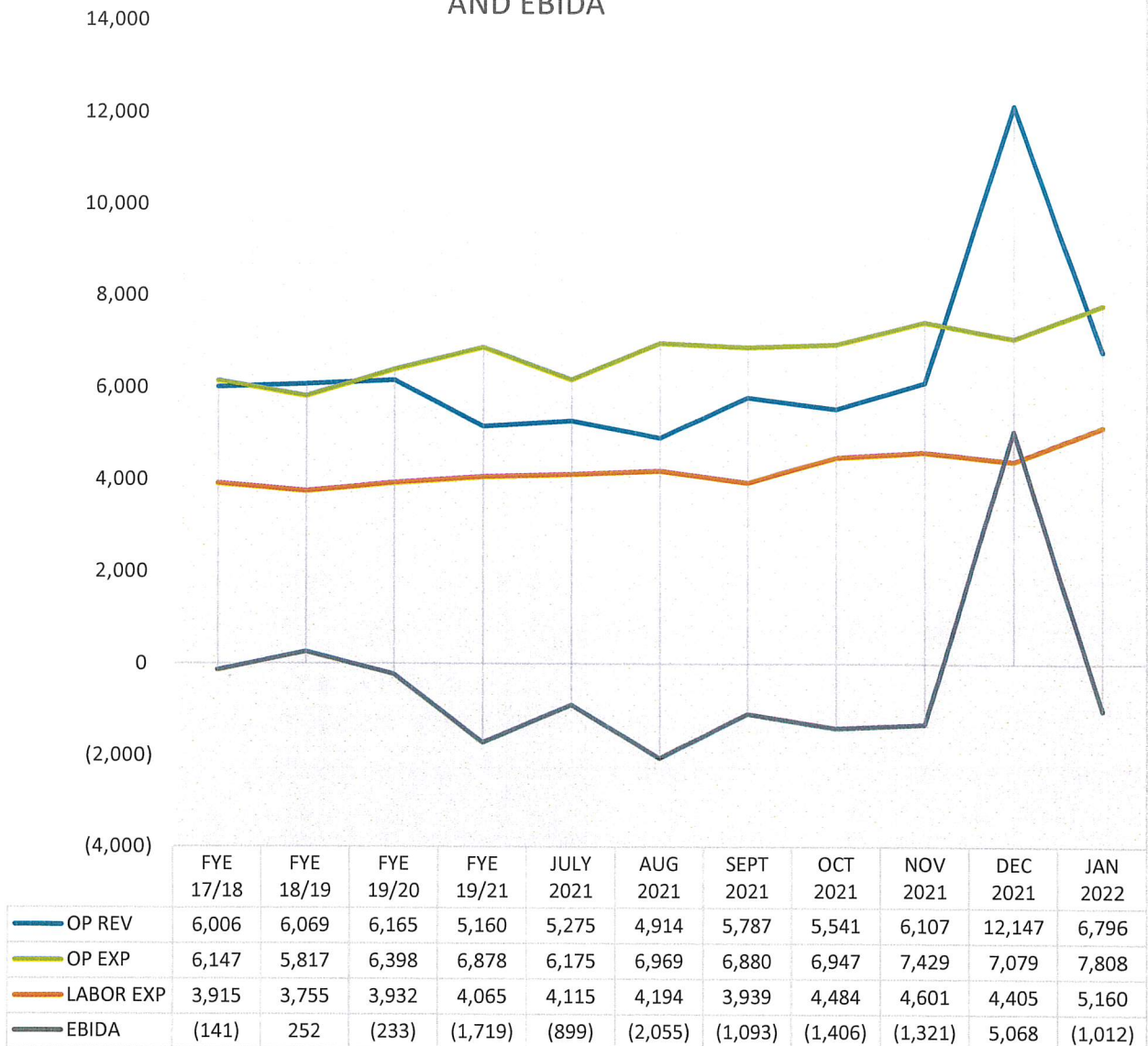
EBIDA as % of NPR

This measurement is a gauge of the surplus (or deficit) of funds available for operations and future growth.

W-D

SAN GORGONIO MEMORIAL HOSPITAL

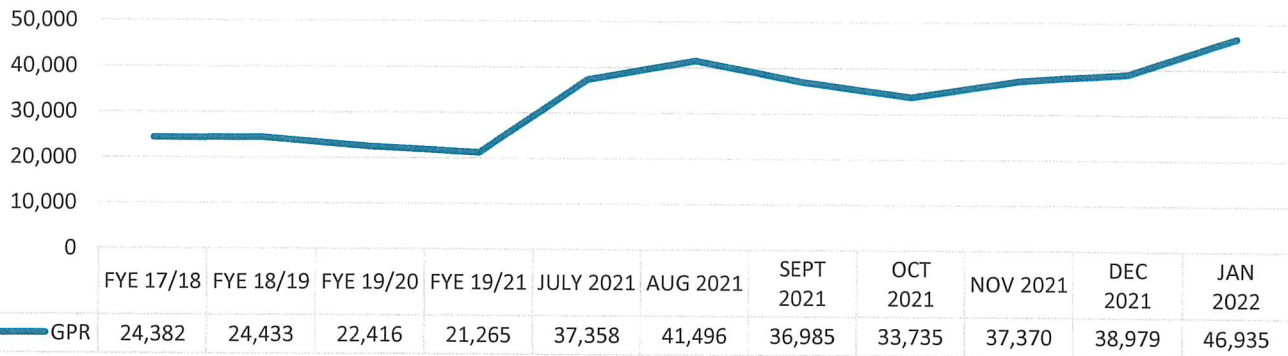
OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



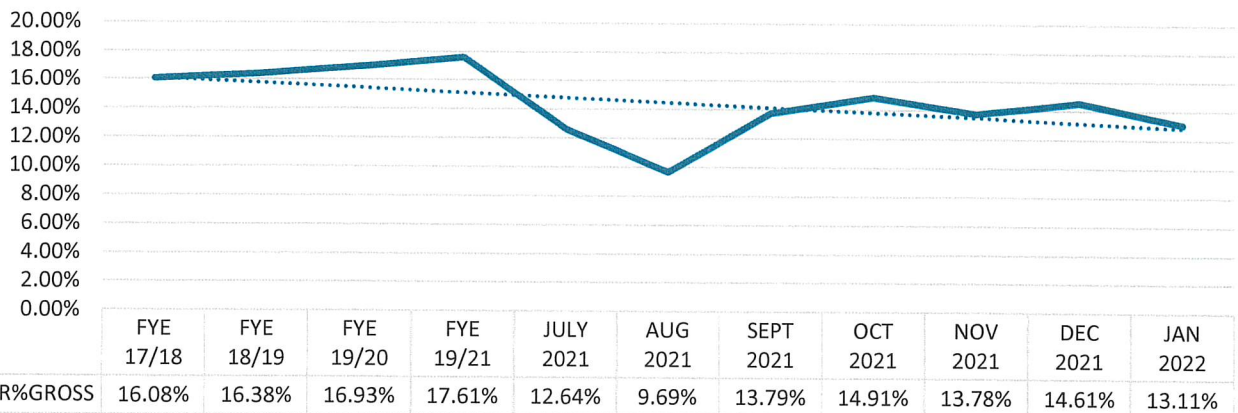
3-E

SAN GORGONIO MEMORIAL HOSPITAL

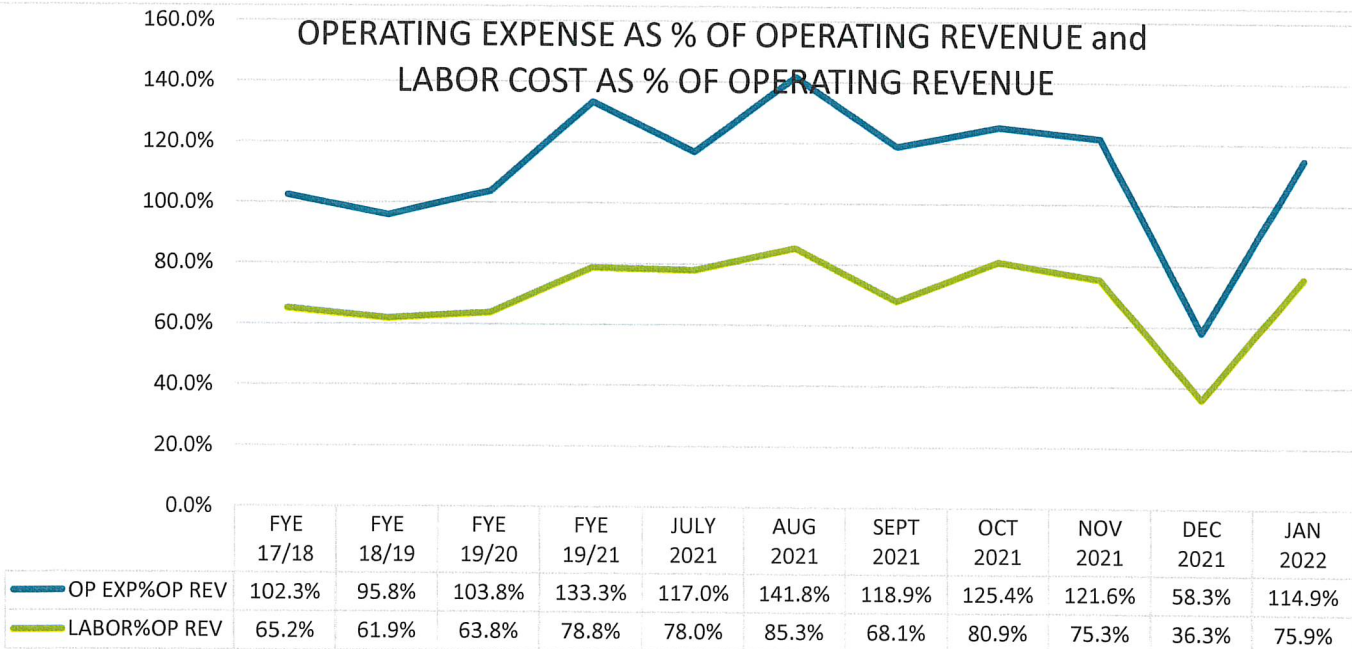
GROSS PATIENT REVENUE



NET PATIENT REVENUE AS % OF GROSS



OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE



3-F

BALANCE SHEET (Period End)

Cash (000's)

Represents all unrestricted cash in the bank at each month-end.

Days Cash on Hand

Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.

Accounts Receivable - Net (000's)

Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

A/R Days - Net

This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.

Current Ratio (Current Assets/Current Liabilities)

A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.

Quick Ratio

This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1:00 : 1:00.

Accounts Payable (000's)

Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.

Accounts Payable Days

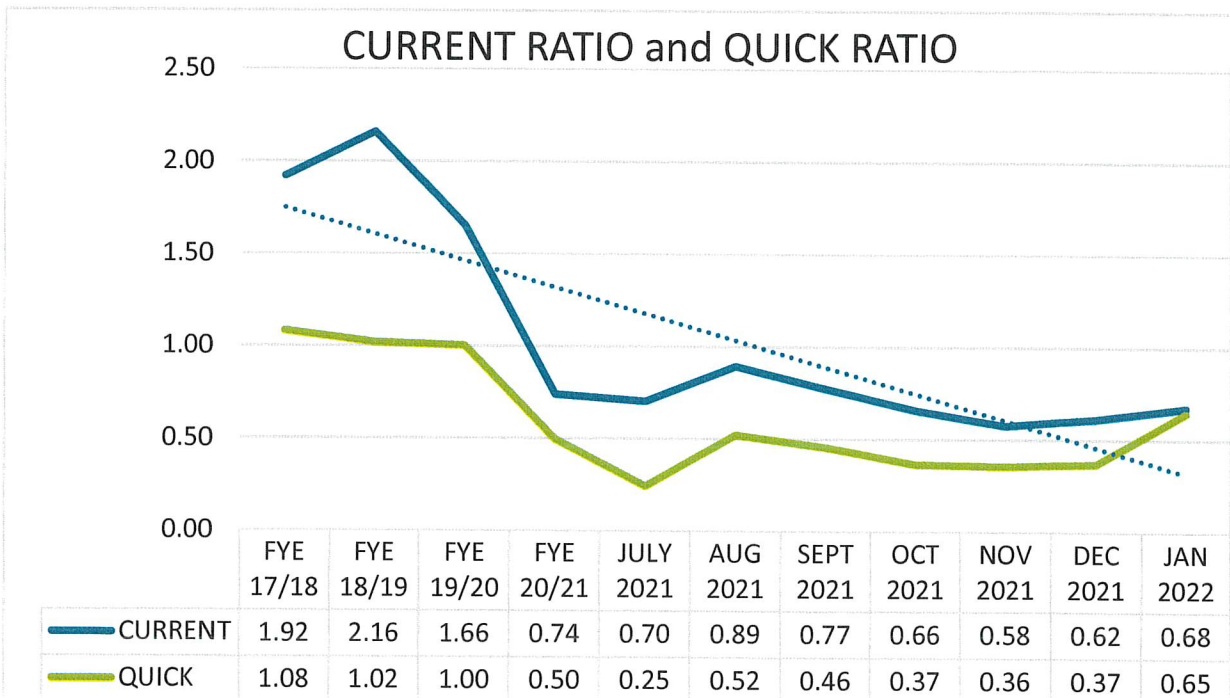
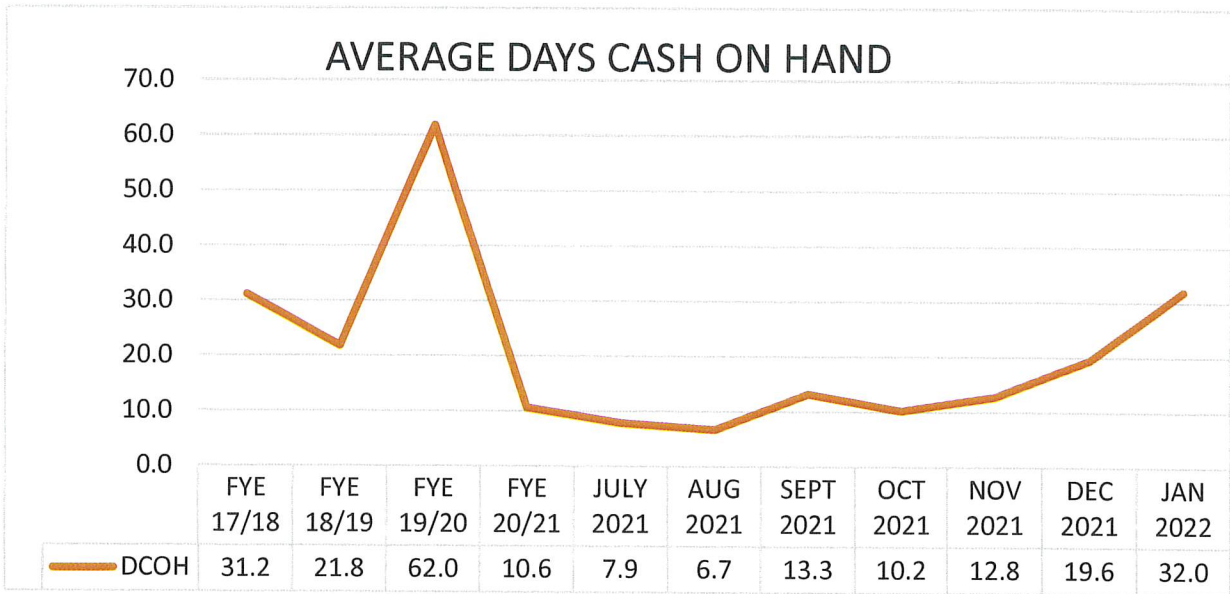
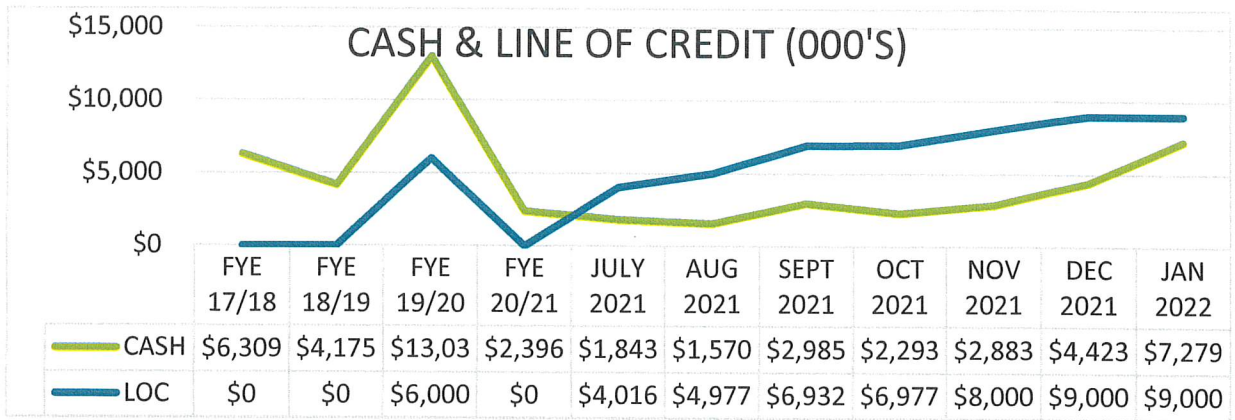
Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.

Line of Credit Balance (000's)

The amount that is currently borrowed from a lending institution as of a given point in time.

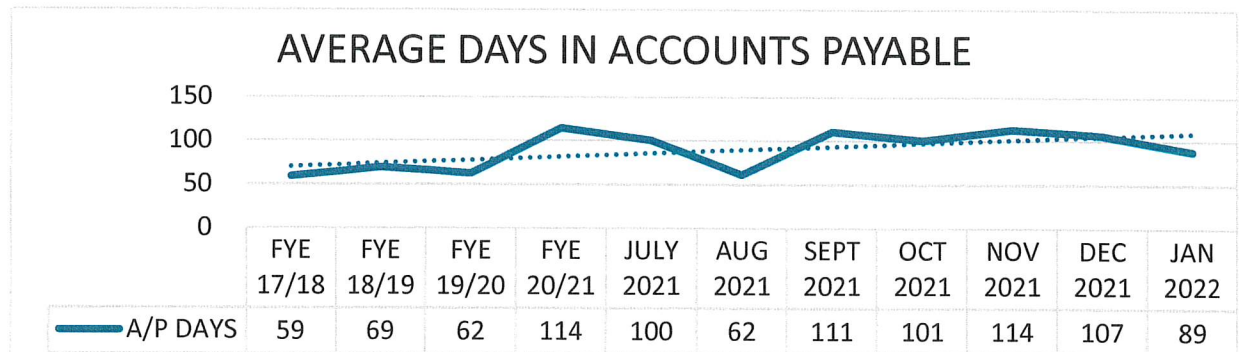
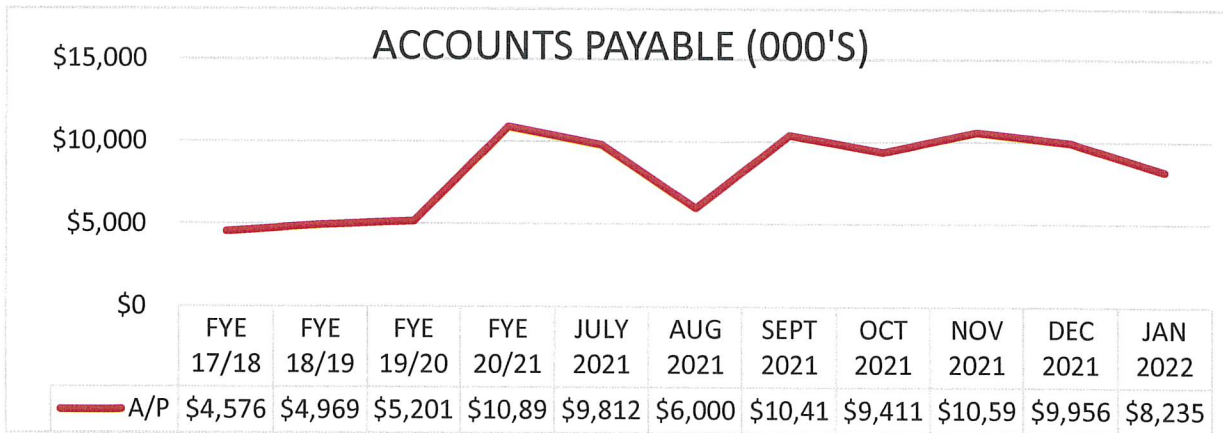
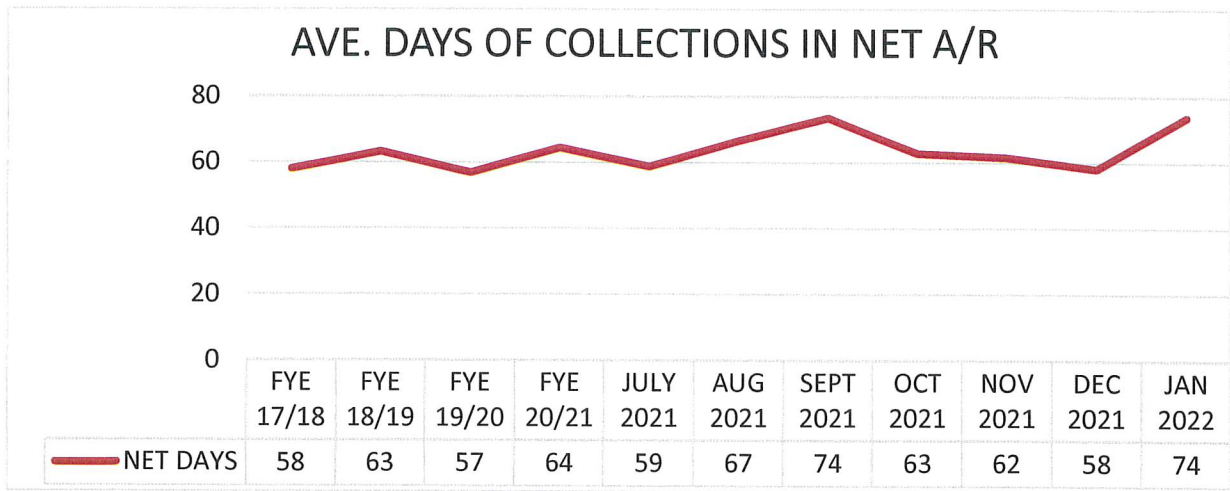
3-G

SAN GORGONIO MEMORIAL HOSPITAL



3-H

SAN GORGONIO MEMORIAL HOSPITAL



**SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
SEVEN MONTHS ENDING JANUARY 31, 2022**

STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD						
REF LINE#	01/31/22 ACTUAL	01/31/22 BUDGET	YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE	
	Revenue:					
[1]	\$ 46,934,926	\$ 47,578,819	\$ 272,857,797	\$ 294,705,684	\$ (21,847,887)	
[2]	(40,779,789)	(41,650,193)	(236,985,267)	(259,325,177)	22,339,909	
[3]	6,155,137	5,928,626	35,872,530	35,380,508	492,022	
[4]	-	-	6,016,888	6,282,227	(265,339)	
[5]	640,560	706,441	4,670,843	4,945,087	(274,244)	
[6]	6,795,697	6,635,068	46,560,261	46,607,822	(47,561)	
	Total Operating Revenues					
	Expenses:					
[7]	5,045,684	4,541,356	30,094,998	30,105,786	10,788	
	114,375	72,856	735,583	465,313	(270,270)	
	298,243	340,810	2,273,212	2,362,828	89,616	
	877,171	868,853	6,056,059	6,076,390	20,331	
[8]	1,289,788	1,282,519	9,064,854	8,904,531	(160,323)	
[9]	931,808	913,681	6,844,034	5,781,608	(1,062,426)	
[10]	540,908	575,176	3,289,736	4,079,640	789,904	
[11]	-	-	-	895,056	895,056	
[12]	7,808,187	7,312,732	49,293,622	49,766,621	472,999	
[13]	(1,012,491)	(677,664)	(2,733,361)	(3,158,799)	425,438	
					0	
					0	
[14]	898,600	926,118	6,263,009	6,462,166	199,156	
[15]	614,928	741,667	4,342,571	5,191,667	(849,096)	
[16]	(1,296,162)	(862,115)	(4,653,799)	(4,429,298)	(224,502)	
	TOTAL NET SURPLUS (LOSS)					

SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
SEVEN MONTHS ENDING JANUARY 31, 2022

BALANCE SHEET

	YTD 1/31/2022	Prior FYE 6/30/2021
ASSETS		
[1] Current Assets	\$ 18,278,588	\$ 14,763,567
[2] Assets Whose Use is Limited	10,688,482	15,999,821
[3] Property, Plant & Equipment (Net)	74,655,136	77,860,175
[4] Other Assets	627,385	1,320,339
[5] Total Unrestricted Assets	104,249,590	109,943,902
[6] Restricted Assets	0	0
[7] Total Assets	\$ 104,249,590	\$ 109,943,902
LIABILITIES AND NET ASSETS		
[8] Current Liabilities	\$27,028,449	\$22,077,546
[9] Long-Term Debt	105,712,387	105,992,009
[10] Other Long-Term Liabilities	0	0
[11] Total Liabilities	\$ 132,740,837	\$ 128,069,555
[12] Net Assets	\$ (28,491,247)	\$ (18,125,653)
[13] Total Liabilities and Net Assets	\$ 104,249,589	\$ 109,943,902

SAN GORGONIO MEMORIAL HOSPITAL

EXECUTIVE FINANCIAL SUMMARY

SEVEN MONTHS ENDING JANUARY 31, 2022

KEY STATISTICS AND RATIOS						
	12/31/21 ACTUAL FY 22	01/31/22 ACTUAL FY 22	01/31/22 BUDGET FY 22	2022 YTD FY 22	2021 YR END TOTAL FY 21	
[1] Total Acute Patient Days	814	1,306	1,263	6,353	11,008	
[2] Average Daily Census	26.3	42.1	40.7	29.5	30.2	
[3] Average Acute Length of Stay	4.2	4.9	4.2	4.1	4.1	
[4] Patient Discharges	194	269	302	1,562	2,667	
[5] Observation Days	238	197	267	1,698	2,512	
[6] Total Emergency Room Visits	3,212	3,466	3,467	23,683	33,299	
[7] Average ED Visits Per Day	104	112	112	110	91	
[9] Total Surgeries	93	55	103	709	837	
[10] Deliveries/Births	14	23	18	96	158	

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
SEVEN MONTHS ENDING JANUARY 31, 2022

	CURRENT MONTH				
	DISTRICT ONLY	COMBINED		Positive	Percentage
	Actual 01/31/22	Actual 01/31/22	Budget 01/31/22	(Negative) Variance	
Gross Patient Revenue					
[1] Inpatient Revenue	\$ -	\$ 29,180,538	\$ 24,198,097	\$ 4,982,442	17.1%
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-
[3] Outpatient Revenue	-	17,754,388	\$ 23,380,723	(5,626,335)	-31.7%
[4] Long Term Care Revenue	-	-	-	-	-
[5] Home Health Revenue	-	-	-	-	-
[6] Total Gross Patient Revenue	\$ -	\$ 46,934,926	\$ 47,578,819	\$ (643,893)	-1.4%
Deductions From Revenue					
[7] Discounts and Allowances	-	(38,941,080)	\$ (40,741,860)	\$ 1,800,780	-4.6%
[8] Bad Debt Expense	-	(1,661,127)	\$ (850,000)	(811,127)	48.8%
[9] Prior Year Settlements	-	-	\$ -	-	-
[10] Charity Care	-	(177,583)	\$ (58,333)	(119,249)	67.2%
[11] Total Deductions From Revenue	-	(40,779,789)	(41,650,193)	\$ 870,403	-2.1%
[12]		-86.9%	-88%		
[13] Net Patient Revenue	\$ -	\$ 6,155,137	\$ 5,928,626	\$ 226,510	3.7%
Non Patient Operating Revenues					
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	#DIV/0!
[15] Grants & Other Op Revenues	-	257,227	\$ 300,191	(42,964)	-16.7%
[16] Clinic Net Revenues	-	-	\$ -	-	-
[17] Tax Subsidies Measure D	233,333	233,333	\$ 239,583	(6,250)	-2.7%
[18] Tax Subsidies Prop 13	150,000	150,000	\$ 166,667	(16,667)	-11.1%
[19] Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!
Non- Patient Revenue	\$ 383,333	\$ 640,560	\$ 706,441	\$ (65,881)	-10.3%
Total Operating Revenue	\$ 383,333	\$ 6,795,697	\$ 6,635,068	\$ 160,629	2.4%
Operating Expenses					
[20] Salaries and Wages	-	3,869,331	3,754,825	\$ (114,506)	-3.0%
[21] Fringe Benefits	-	1,176,353	786,531	(389,822)	-33.1%
[22] Contract Labor	-	114,375	72,856	(41,519)	-36.3%
[23] Physicians Fees	-	298,243	340,810	42,567	14.3%
[24] Purchased Services	73,409	877,171	868,853	(8,318)	-0.9%
[25] Supply Expense	-	931,808	913,681	(18,127)	-1.9%
[26] Utilities	733	135,515	76,042	(59,473)	-43.9%
[27] Repairs and Maintenance	10,682	47,901	55,920	8,020	16.7%
[28] Insurance Expense	-	130,590	115,494	(15,096)	-11.6%
[29] All Other Operating Expenses	-	154,765	193,338	38,573	24.9%
[30] Supplemental and Grant Expense	-	-	-	-	0.0%
[31] Leases and Rentals	-	72,138	134,381	62,243	86.3%
[32] Clinic Expense	-	-	0	-	0.0%
[33] Total Operating Expenses	\$ 84,824	\$ 7,808,187	\$ 7,312,732	\$ (495,456)	-6.3%
[34] EBIDA	\$ 298,509	\$ (1,012,491)	\$ (677,664)	\$ (334,827)	33.1%
Interest Expense and Depreciation					
[35] Depreciation	504,865	504,865	494,658	\$ (10,207)	-2.0%
[36] Interest Expense and Amortization	359,830	393,735	431,460	37,725	9.6%
[37] Total Interest & depreciation	864,695	898,600	926,118	27,518	3.1%
Non-Operating Revenue:					
[38] Contributions & Other	-	963	75,000	(74,037)	-7691.9%
[39] Tax Subsidies for GO Bonds - M-A	613,966	613,966	666,667	(52,701)	-8.6%
[40] Total Non Operating Revenue/(Expense)	613,966	614,928	741,667	\$ (126,738)	-20.6%
[41] Total Net Surplus/(Loss)	\$ 47,779	\$ (1,296,162)	\$ (862,115)	\$ (434,047)	33.5%
[42] Extra-ordinary loss on Financing	-	-	-	-	-
[43] Increase/(Decrease in Unrestricted Net Assets	\$ 47,779	\$ (1,296,162)	\$ (862,115)	\$ (434,047)	33.5%
[44] Total Profit Margin	12.46%	-19.07%	-12.99%		
[45] EBIDA %	77.87%	-14.90%	-10.21%		

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
SEVEN MONTHS ENDING JANUARY 31, 2022

		YEAR-TO-DATE				
		DISTRICT ONLY			Positive	
		Actual	Actual	Budget	(Negative)	Percentage
		01/31/22	01/31/22	01/31/22	Variance	Variance
Gross Patient Revenue						
[1]	Inpatient Revenue	\$ -	\$ 130,302,959	\$ 142,321,994	\$ (12,019,035)	-9.2%
[2]	Inpatient Psych/Rehab Revenue	-	-	-	-	
[3]	Outpatient Revenue	-	142,554,838	\$ 152,383,690	(9,828,852)	-6.9%
[4]	Long Term Care Revenue	-	-	-	-	
[5]	Home Health Revenue	-	-	-	-	
[6]	Total Gross Patient Revenue	\$ -	\$ 272,857,797	\$ 294,705,684	\$ (21,847,887)	-8.0%
Deductions From Revenue						
[7]	Discounts and Allowances	-	(226,124,118)	\$ (252,966,843)	\$ 26,842,725	11.9%
[8]	Bad Debt Expense	-	(10,242,090)	\$ (5,950,000)	(4,292,090)	-41.9%
[9]	Prior Year Settlements	-	-	\$ -	-	
[10]	Charity Care	-	(619,059)	\$ (408,333)	(210,725)	-34.0%
[11]	Total Deductions From Revenue	-	(236,985,267)	(259,325,177)	\$ 22,339,909	9.4%
[12]			86.9%	-88.0%		
[13]	Net Patient Revenue	\$ -	\$ 35,872,530	\$ 35,380,508	\$ 492,022	1.4%
Non Patient Operating Revenues						
[14]	IGT/DSH Revenues	-	6,016,888	\$ 6,282,227	\$ (265,339)	-4.4%
[15]	Grants & Other Op Revenues	-	1,987,512	\$ 2,101,337	(113,825)	-5.7%
[16]	Clinic Net Revenues	-	-	\$ -	-	
[17]	Tax Subsidies Measure D	1,399,998	1,633,331	\$ 1,677,083	(43,752)	-2.7%
[18]	Tax Subsidies Prop 13	900,000	1,050,000	\$ 1,166,667	(116,667)	-11.1%
[19]	Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!
	Non- Patient Revenue	\$ 2,299,998	\$ 10,687,731	\$ 11,227,314	\$ (539,583)	-5.0%
	Total Operating Revenue	\$ 2,299,998	\$ 46,560,261	\$ 46,607,822	\$ (47,561)	-0.1%
Operating Expenses						
[20]	Salaries and Wages	-	24,239,596	\$ 24,499,239	\$ 259,643	1.1%
[21]	Fringe Benefits	-	5,855,402	\$ 5,606,547	(248,855)	-4.3%
[22]	Contract Labor	-	735,583	\$ 465,313	(270,270)	-36.7%
[23]	Physicians Fees	-	2,273,212	\$ 2,362,828	89,616	3.9%
[24]	Purchased Services	207,558	6,056,059	\$ 6,076,390	20,331	0.3%
[25]	Supply Expense	-	6,844,034	\$ 5,781,608	(1,062,426)	-15.5%
[26]	Utilities	13,158	773,279	\$ 641,175	(132,104)	-17.1%
[27]	Repairs and Maintenance	64,245	470,765	\$ 389,941	(80,823)	-17.2%
[28]	Insurance Expense	-	920,183	\$ 808,459	(111,723)	-12.1%
[29]	All Other Operating Expenses	-	616,753	\$ 1,349,394	732,641	118.8%
[30]	Supplimental and Grant Expense	-	-	\$ 895,056	895,056	0.0%
[31]	Leases and Rentals	-	508,756	\$ 890,669	381,913	75.1%
[32]	Clinic Expense	-	-	\$ -	-	0.0%
[33]	Total Operating Expenses	\$ 284,962	\$ 49,293,622	\$ 49,766,621	\$ 472,999	1.0%
[34]	EBIDA	\$ 2,015,036	\$ (2,733,361)	\$ (3,158,799)	\$ 425,438	-15.6%
Interest Expense and Depreciation						
[35]	Depreciation	3,534,055	3,534,055	\$ 3,462,607	\$ (71,448)	-2.0%
[36]	Interest Expense and Amortization	2,540,579	2,728,954	\$ 2,999,558	270,604	9.9%
[37]	Total Interest & depreciation	6,074,634	6,263,009	6,462,166	199,156	3.2%
Non-Operating Revenue:						
[38]	Contributions & Other	40,590	44,811	\$ 525,000	(480,189)	-1071.6%
[39]	Tax Subsidies for GO Bonds - M-A	4,297,759	4,297,759	\$ 4,666,667	(368,907)	-8.6%
[40]	Total Non Operating Revenue/(Expense)	4,338,349	4,342,571	5,191,667	(849,096)	-19.6%
[41]	Total Net Surplus/(Loss)	\$ 278,751	\$ (4,653,799)	\$ (4,429,298)	\$ (224,502)	4.8%
[42]	Extra-ordinary loss on Flnancing	-	-	-	-	
[43]	Increase/(Decrease in Unrestricted Net Assets	\$ 278,751	\$ (4,653,799)	\$ (4,429,298)	\$ (224,502)	4.8%
[44]	Total Profit Margin	12.12%	-10.00%	-9.50%		
[45]	EBIDA %	87.61%	-5.87%	-6.78%		

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SEVEN MONTHS ENDING JANUARY 31, 2022

	DISTRICT ONLY		
	Current Month 1/31/2022	Current Month 1/31/2022	Prior Year End 6/30/2021
Current Assets			
[1] Cash and Cash Equivalents	\$1,591,018	\$7,278,537	\$ 1,763,843
[2] Gross Patient Accounts Receivable	\$0	\$98,952,989	58,800,003
[3] Less: Bad Debt and Allowance Reserves	\$0	(\$88,651,237)	(50,860,772)
[4] Net Patient Accounts Receivable	\$0	\$10,301,752	7,939,231
[5] Taxes Receivable	\$946,262	\$1,607,329	99,170
[6] Other Receivables (includes advances)	\$0	(\$2,105,859)	1,609,566
[7] Inventories	\$0	\$2,179,857	1,830,192
[8] Prepaid Expenses	\$126,169	\$862,450	21,540
[9] Due From Third Party Payers	\$0	(\$1,845,478)	598,026
[10] Malpractice Receivable	\$0	\$0	-
[11] Supplemental Receivables	\$0	\$0	902,000
Total Current Assets	2,663,450	18,278,588	\$ 14,763,567
Assets Whose Use is Limited			
[12] Cash			
[13] Investments			
[14] Bond Reserve/Debt Retirement Fund	\$6,854,696	\$10,688,482	15,999,821
[15] Trustee Held Funds			
[16] Funded Depreciation			
[17] Board Designated Funds			
[18] Other Limited Use Assets			
Total Limited Use Assets	6,854,696	10,688,482	\$ 15,999,821
Property, Plant, and Equipment			
[19] Land and Land Improvements	\$4,828,182	\$4,828,182	\$ 4,828,182
[20] Building and Building Improvements	\$129,281,491	\$129,281,491	129,257,409
[21] Equipment	\$26,853,549	\$26,853,549	26,562,627
[22] Construction In Progress	\$313,256	\$313,256	299,244
[23] Capitalized Interest			
[24] Gross Property, Plant, and Equipment	161,276,478	161,276,478	160,947,462
[25] Less: Accumulated Depreciation	(\$86,621,342)	(\$86,621,342)	(83,087,287)
[26] Net Property, Plant, and Equipment	74,655,136	74,655,136	\$ 77,860,175
Other Assets			
[27] Unamortized Loan Costs	\$627,385	\$627,385	\$ 728,520
[28] Assets Held for Future Use		\$0	
[29] Investments in Subsidiary/Affiliated Org.	\$22,654,561	\$0	591,819
[30] Other			
[31] Total Other Assets	23,281,945	627,385	\$ 1,320,339
[32] TOTAL UNRESTRICTED ASSETS	107,455,227	104,249,590	\$ 109,943,902
Restricted Assets	0	0	0
[33] TOTAL ASSETS	\$107,455,227	\$104,249,590	\$ 109,943,902

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
SEVEN MONTHS ENDING JANUARY 31, 2022

	DISTRICT ONLY		
	Current Month 1/31/2022	Current Month 1/31/2022	Prior Year End 6/30/2021
Current Liabilities			
[1] Accounts Payable	\$ 308,095	\$ 8,235,469	\$ 9,285,913
[2] Notes and Loans Payable (Line of Credit)	-	9,000,000	16,391
[3] Accounts Payable- Construction	-	-	-
[4] Accrued Payroll Taxes	-	6,116,472	5,565,216
[5] Accrued Benefits	-	-	-
[6] Accrued Benefits Current Portion	-	-	-
[7] Other Accrued Expenses	-	-	-
[8] Accrued GO Bond Interest Payable	(51,168)	(51,168)	2,484,778
[9] Stimulus Advance	-	795,952	2,336,777
[10] Due to Third Party Payers (Settlements)	-	-	-
[11] Advances From Third Party Payers	-	-	-
[12] Current Portion of LTD (Bonds/Mortgages)	2,335,000	2,335,000	2,335,000
[13] Current Portion of LTD (Leases)	-	-	-
[14] Other Current Liabilities	-	596,724	53,471
Total Current Liabilities	2,591,926	27,028,449	22,077,546
Long Term Debt			
[15] Bonds/Mortgages Payable (net of Cur Portion)	103,097,387	\$103,097,387	\$ 105,677,009
[16] Leases Payable (net of current portion)	\$2,615,000	\$2,615,000	\$315,000
[17] Total Long Term Debt (Net of Current)	105,712,387	105,712,387	105,992,009
Other Long Term Liabilities			
[18] Deferred Revenue			
[19] Accrued Pension Expense (Net of Current)			
[20] Other			
[21] Total Other Long Term Liabilities	0	0	0
TOTAL LIABILITIES	\$ 108,304,314	\$ 132,740,837	\$ 128,069,555
Net Assets:			
[22] Unrestricted Fund Balance	(1,127,838)	(23,837,448)	\$ (3,774,444)
[23] Temporarily Restricted Fund Balance	-	-	-
[24] Restricted Fund Balance	-	-	-
[25] Net Revenue/(Expenses)	278,751	(4,653,799)	(14,351,209)
[26] TOTAL NET ASSETS	(849,087)	(28,491,247)	\$ (18,125,653)
[27] TOTAL LIABILITIES AND NET ASSETS	\$ 107,455,227	\$ 104,249,589	\$ 109,943,902
	\$ 0	\$ (0)	\$ -

Statement of Cash Flows

SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SEVEN MONTHS ENDING JANUARY 31, 2022

		CASH FLOW	
		Current	
		Month	
		1/31/2022	
HEALTHCARE SYSTEM CASH FLOW			
BEGINNING CASH BALANCES			
[1]	Cash: Beginning Balances- HOSPITAL	\$	3,971,000
[2]	Cash: Beginning Balances- DISTRICT		452,104
[3]	Cash: Beginning Balances TOTALS	\$	4,423,104
Receipts			
[4]	Pt Collections	\$	4,208,780
[5]	Tax Subsidies Measure D		1,438,799
[6]	Tax Subsidies Prop 13		1,920,258
[7]	Tax Subsidies County Supplemental Funds		-
[8]	IGT & other Supplemental (Net)		5,579,132
[9]	Draws/(Paydown) of LOC Balances		-
[10]	Other Misc Receipts/Transfers		113,952
	TOTAL RECEIPTS	\$	13,260,922
Disbursements			
[11]	Payroll/ Benefits	\$	5,504,371
[12]	Other Operating Costs		4,564,490
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		-
[15]	Other (increase) in AP /other bal sheet		336,629
[16]	TOTAL DISBURSEMENTS	\$	10,405,490
[17]	TOTAL CHANGE in CASH	\$	2,855,432
ENDING CASH BALANCES			
[18]	Ending Balances- HOSPITAL	\$	5,687,519
[19]	Ending Balances- DISTRICT		1,591,018
[20]	Ending Balances- TOTALS	\$	7,278,537
ADDITIONAL INFO			
[21]	LOC CURRENT BALANCES	\$	9,000,000
[22]	LOC Interest Expense Incurred		0

TAB F

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”)

2022 GENERAL OBLIGATION REFUNDING BONDS MEMORANDUM

TO: Finance Committee, Board of Directors Meetings, CEO and CFO

FROM: Gary Hicks, President, G.L. Hicks Financial, LLC

DATE: February 15, 2022

SUBJECT: 2022 Refunding General Obligation Bonds – March 1, 2022 Board Meeting

On March 1, 2022, the District’s Board of Directors (the “Board”) will be asked to approve Resolution No. 2022-03 (the “Initial Resolution”) authorizing certain officers of the District to take steps necessary for the issuance of general obligation refunding bonds (the “2022 Refunding GO Bonds”) in an amount necessary to provide for the refunding of the District’s outstanding 2014 General Obligation Refunding Bonds, (the “2014 Bonds”). **Adoption of this resolution does not give management the authority to issue the 2022 Refunding GO Bonds as final authority for issuance of these bonds is not expected to be sought until its Board meeting on April 5, 2022, and that approval will be subject to the facts, circumstances and conditions that exist at that time.**

Information regarding the 2014 Bonds to be refunded is provided below as background information:

	<u>2014 Bonds</u>
Original Par Amount	\$64,425,000
Outstanding Par Amount	\$57,530,000
Interest Rate (Average Coupon)	5.04%
Final Bond Maturity	August 1, 2039
Use of Funds	Refi 2009 Bonds
Call Premium	0.00% at Par

We believe that favorable interest rates are currently available that offer the District an opportunity to generate significant debt service savings as compared with debt service associated with the 2014 Bonds. While interest rates are not determined until the bonds are actually sold, the current interest rate environment suggests a possible all-in true interest cost of approximately 3.35% for privately placed bonds with a final maturity on August 1, 2039, based upon discussions with the District’s placement agent, Piper Sandler. We will work with Piper Sandler and the District to secure a commitment from one or more banks to purchase refunding general obligation “Cinderella” bonds that initially will yield a taxable interest rate that will convert to a tax-exempt interest rate within 90 days of the first optional call date of the 2014 Bonds. Without increasing the average weighted maturity of the 2014 Bonds, we estimate that total debt service savings over the remaining life of the 2014 Bonds, based on current market conditions, to be approximately \$5.0 million or approximately \$4.0 million on a net present-value basis, which equates to approximately 7.00% of the par amount of the 2014 Bonds being refunded. This estimated savings, if achieved, would reduce the District’s debt service on the 2014 Bonds by approximately \$300,000 annually. We will evaluate both a private placement and a public offering of the 2022 Refunding GO Bonds and will work with the District to decide whether a private placement or a public offering would generate the greatest amount of savings for the District and its taxpayers.

The following summarizes the purpose and general content of the Initial Resolution and the Deposit & Transfer Agreement Resolution to be considered for approval by the Board on March 1, 2022.

Initial Resolution No. 2022-03. The Initial Resolution allows management of the District to move forward with the proposed refinancing of its 2014 Bonds and is preliminary to a final resolution planned to be considered for approval by the Board on or after its regular meeting of April 5, 2022, subject to the facts, circumstances and conditions that exist at that time. This Initial Resolution describes the use of proceeds of the 2022 Refunding GO Bonds, and engages various consultants to provide legal, placement agent and financial advisory services the District needs to complete the proposed refinancing. The Initial Resolution authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer, and other appropriate officers and officials of the District to take any and all necessary action needed to carry out the intended purposes of this Initial Resolution but it does not commit the District to sell bonds. Requires majority approval.

Deposit & Transfer Agreement Resolution No. 2022-04. The Deposit & Transfer Agreement Resolution, with respect to the proposed issuance of the 2022 Refunding GO Bonds, provides for the flow of voter approved ad valorem tax revenues from Riverside County to US Bank, as agent for the District, who then transfers the amount needed to BNY Mellon, as paying agent for the District's outstanding general obligation bonds, to make the semi-annual debt service payments to bondholders. This resolution describes how the District's voter approved ad valorem tax revenues are structured to provide for a flow of these revenues that are needed to improve the security for holders of the District's general obligation bonds so that interest rates received from the sale of these bonds will be lower than otherwise available. This resolution approves the Deposit & Transfer Agreement, in substantially final form, and authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer or their designees to execute and deliver the Deposit & Transfer Agreement. Requires majority approval.

This same Deposit & Transfer Agreement, provides similar benefits to the District with respect to the proposed issuance of the 2022 Revenue Bonds and future revenue bonds secured by the District's non-voter approved ad valorem tax revenues, by providing for the flow of funds from Riverside County to US Bank, as agent for the District, who then transfers the amount needed for payment of the District's semi-annual debt service payments on its revenue bonds. This resolution describes how the District's non-voter approved ad valorem tax revenues are structured to improve the security for holders of the District's revenue bonds so that interest rates received from the sale of these bonds will be lower than would otherwise be available.

TAB G

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-03

RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS AND DESIGNATING A FINANCIAL ADVISOR, BOND COUNSEL, DISTRICT COUNSEL AND A PLACEMENT AGENT IN CONNECTION THEREWITH

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District, a California local health care district (the "District"):

WHEREAS, the District proposes to issue its general obligation refunding bonds (the "Bonds") to refund its outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds (the "Bonds"); and

WHEREAS, it is appropriate that the Board formally authorize commencement of proceedings, to designate a financial advisor, bond counsel, District counsel and a placement agent and to approve certain preliminary actions in connection with the execution and delivery of the Bonds; and

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to final approval thereof by the Board at a subsequent meeting.

Section 2. G.L. Hicks Financial, LLC is hereby designated as financial advisor to the District in connection with the issuance and delivery of the Bonds.

Section 3. Quint & Thimmig LLP is hereby designated as bond counsel in connection with issuance and delivery of the Bonds.

Section 4. McDougal Love Boehmer Foley Lyon & Mitchell is hereby designated as District counsel in connection with the issuance and delivery of the Bonds.

Section 5. Piper Sandler & Co. is hereby designated as placement agent for the Bonds.

Section 6. All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 7. The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

Section 8. This resolution shall be in full force and effect immediately upon its adoption.

* * * * *

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Geronio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By _____
Secretary

TAB H

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-04

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A DEPOSIT AND TRANSFER AGREEMENT

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of such bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" pursuant to an agreement (the "Agreement") by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any excess funds are transferred to the District;

WHEREAS, to provide such additional security, the District will direct Riverside County, which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to U.S. Bank National Association, as agent (the "Agent") and the Agent will (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the obligations secured by voter approved *ad valorem* property taxes (the "Voter Approved Obligations") at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved operating *ad valorem* property tax revenues to the trustee for the obligations secured by non-voter approved operating *ad valorem* property tax revenues (the "Non-Voter Approved Obligations") at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, following the required transfers, the Agent will, as provided in the Agreement, transfer the remaining non-voter approved operating *ad valorem* property tax revenues to the District; and

WHEREAS, the Agreement has been prepared and has been submitted to the Board for review and approval;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The Agreement, is hereby approved. The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees are hereby authorized and directed to execute and deliver the Agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. This resolution shall take effect immediately.

The foregoing resolution was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES,

ABSENT,

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

EXHIBIT A

FORM OF DEPOSIT AND TRANSFER AGREEMENT

THIS DEPOSIT AND TRANSFER AGREEMENT (the "Agreement"), dated as of April 1, 2022 (the "Agreement"), is by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local healthcare district (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as depositary agent (the "Agent").

BACKGROUND

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of such bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any excess funds are transferred to the District;

WHEREAS, to provide such additional security, the District will direct Riverside County, which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to the Agent and the Agent will, as provided in this Agreement, (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved *ad valorem* property tax revenues to the trustee for the Non-Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, following the required transfers, the Agent will, as provided in this Agreement, transfer the remaining non-voter approved operating *ad valorem* property tax revenues to the District;

WHEREAS, the District desires to provide for the transfer and deposit of the voter approved *ad valorem* property tax revenues and the non-voter approved operating *ad valorem* property tax revenues with the Agent; and

WHEREAS, the Agent has agreed to accept, hold, and disburse such tax revenues deposited with it and the earnings thereon in accordance with the terms of this Agreement.

STATEMENT OF AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. *Definitions.* The following terms shall have the following meanings when used herein:

"*Business Day*" means any day other than a Saturday, Sunday, or a day on which banking institutions in the City of Los Angeles or the City of San Francisco are authorized or obligated by law or executive order to be closed.

"*District Representative*" shall mean the person or person designated in a writing signed by the District and delivered to the Agent in accordance with the notice provisions of this Agreement, to act as its representative under this Agreement.

“County” shall mean Riverside County, California.

“Non-Voter Approved Obligations” shall mean the obligations secured by non-voter approved *ad valorem* property taxes, being the (a) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021, (b) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable), and (c) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B, together with future obligations secured by non-voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., as paying agent for the Voter Approved Obligations, or such successor paying agent as shall be identified by the District and provided in writing to the Agent.

“Tax Revenues” shall mean the voter approved *ad valorem* property tax revenues and the non-voter approved operating *ad valorem* property tax revenues deposited with the Agent pursuant to Section 3 of this Agreement, together with any interest and other income thereon.

“Trustee” means U.S. Bank National Association, as trustee for the Non-Voter Approved Obligations, or such successor trustee as shall be identified by the District and provided in writing to the Agent.

“Voter Approved Obligations” shall mean the obligations secured by voter approved *ad valorem* property taxes, being the (a) San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds, (b) San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds, (c) San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds, and (d) San Gorgonio Memorial Healthcare with (Riverside County, California) 2022 General Obligation Refunding Bonds, together with future obligations secured by voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

2. *Appointment of and Acceptance by the Agent.* The District hereby appoints the Agent to serve hereunder. The Agent hereby accepts such appointment and agrees to hold and disburse the Tax Revenues in accordance with this Agreement.

3. *Deposit of Tax Revenues.* The District will cause the County to transfer the Tax Revenues, when collected, to the Agent by wire transfer of immediately available funds. On the 25th day of each month, the District shall provide the Agent with the proper allocation of the Tax Revenues received by the Agent in such month so that such Tax Revenues may properly be deposited to the following depository accounts hereby created and held by the Agent:

(i) to the Voter Approved Tax Revenue Account, all voter approved *ad valorem* property tax revenues.

(ii) to the Non-Voter Approved Tax Revenue Account, all non-voter approved *ad valorem* property tax revenues.

On the third Business Day preceding the dates set forth in Exhibit A attached hereto for the payment of debt service on the Voter Approved Obligations and the dates set forth in Exhibit B attached hereto for the payment of debt service on the Non-Voter Approved Obligations, the Agent shall alert the District if such amounts will not be sufficient to fund 100% of the debt service on the Voter Approved Obligations and the debt service on the Non-Voter Approved Obligations on the next succeeding payment dates.

4. *Disbursements of Tax Revenues.* The Agent shall disburse Tax Revenues as follows:

(i) to the Paying Agent, from the Voter Approved Tax Revenue Account, voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit A attached hereto for the payment of debt service on the Voter Approved Obligations, as such Exhibit A may be revised to include future Voter Approved Obligations, or such lesser amount if amounts on deposit therein are less than 100% of the debt service on the Voter Approved Obligations on the next succeeding payment dates.

(ii) to the Trustee, from the Non-Voter Approved Tax Revenue Account, non-voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit B attached hereto for the payment of debt service on the Non-Voter Approved Obligations, as such Exhibit B may be revised to include future Non-Voter Approved Obligations, or such lesser amount if amounts on deposit therein are less than 100% of the debt service on the Non-Voter Approved Obligations on the next succeeding payment dates. Following such transfers to the Trustee, the Agent shall transfer all remaining amounts on deposit in the Non-Voter Approved Tax Revenue Account, if any, to the District.

All disbursements of funds from the Tax Revenues shall be subject to the fees and claims of the Agent and the Indemnified Parties (as defined below) pursuant to Section 9 and Section 10 below.

5. *Suspension of Performance; Disbursement into Court.* If at any time a dispute exists with respect to any obligation of the Agent under this Agreement or the Agent is unable to determine, to the Agent's sole satisfaction, the proper disposition of all or any portion of the Tax Revenues or the Agent's proper actions with respect to its obligations hereunder, then the Agent may, in its sole discretion, take either or both of the following actions:

a. suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of the Agent,

b. petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction in any venue convenient to the Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Tax Revenues, after deduction and payment to the Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Agent in connection with the performance of its duties and the exercise of its rights hereunder.

The Agent shall have no liability to the District or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise, or be alleged to have arisen, out of or as a result of any delay in the disbursement of the Tax Revenues or any delay in or with respect to any other action required or requested of the Agent.

6. *Investments.* Tax Revenues deposited with the Agent shall be invested in (a) a money market fund selected in writing by the District which is rated in one of the two highest rating categories by at least one nationally recognized rating agency, including funds for which the Agent, its parent, affiliates or subsidiaries provide investment advisory or other management services, in which case it is agreed that the Agent, its parent, affiliates or subsidiaries shall have the right to be paid its customary management fees in addition to its fees as Agent hereunder, or (b) the Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code, to the extent the Agent is authorized to register such investment in its name. The Agent will not provide supervision, recommendations or advice relating to either the investment of the Tax Revenues or the purchase or disposition of any investment and the Agent shall not have any liability for any loss in an investment made pursuant to the terms of this Agreement. The Agent has no responsibility whatsoever to determine the market or other value of any investment and makes no representation or warranty as to the accuracy of any such valuations. To the extent applicable regulations grant rights to receive brokerage confirmations for certain security transactions, the District waives receipt of such confirmations. Investment earnings received by the Agent from the investment of the Tax Revenues shall be deposited in the applicable accounts and applied for the purposes therefor.

7. *Resignation or Removal of the Agent.* The Agent may resign and be discharged from the performance of its duties hereunder at any time by giving thirty (30) days' prior written notice to the District specifying a date when such resignation shall take effect and after such specified date, notwithstanding any other provision of this Agreement, the Agent's sole obligation will be to hold the Tax Revenues pending appointment of a successor the Agent. Similarly, the Agent may be removed at any time by the District giving at least thirty (30) days' prior written notice to the Agent specifying the date when such removal shall take effect. Upon the effective date of any such resignation or removal, the Agent shall return the Tax Revenues to or at the direction of the District after deduction and payment to the Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Agent in connection with the performance of its duties and the exercise of its rights hereunder. After the Agent's resignation or removal, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting under this Agreement.

8. *Liability of the Agent.* The Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Agent has no fiduciary or discretionary duties of any kind. The Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement. The Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines, which determination is not subject to appeal, that the Agent's gross negligence or willful misconduct was the primary cause of any loss to the District. The Agent's sole responsibility shall be for the safekeeping of the Tax Revenues in accordance with the Agent's customary practices and disbursement of the Tax Revenues in accordance with the terms of this Agreement. The Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. The Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which the Agent believes to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall the Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to lost profits), even if the Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Tax Revenues, any account in which Tax Revenues are deposited, or this Agreement, or to appear in, prosecute or defend any such legal action or proceeding or to take any other action that in the Agent's sole judgment may expose it to potential expense or liability. The Agent shall not be responsible or liable in any manner for the performance by any party of their respective obligations under any other agreement. The Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the opinion or instruction of such counsel. The District shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel.

The Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Tax Revenues, without determination by the Agent of such court's jurisdiction in the matter. If any portion of the Tax Revenues is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

9. *Indemnification of the Agent.* From and at all times after the date of this Agreement, the District shall, to the fullest extent permitted by law, defend, indemnify and hold harmless the Agent and each director, officer, employee and affiliate of the Agent (each, an "Indemnified Party") against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred

by or asserted against any Indemnified Party from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation the District, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance of this Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, which determination is not subject to appeal, to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. The District further agrees to indemnify each Indemnified Party for all costs, including without limitation reasonable attorney's fees, incurred by such Indemnified Party in connection with the enforcement of the District's indemnification obligations hereunder. The obligations of the District in this Section 9 shall survive any termination of this Agreement and the resignation or removal of the Agent.

10. *Compensation to the Agent.* The District shall compensate the Agent for its services hereunder and, in addition, shall reimburse the Agent for all of its reasonable out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys incurred or made by the Agent in connection with entering into and performing under this Agreement or in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder. All of the compensation and reimbursement obligations set forth in this Section 10 shall be payable by the District upon demand by the Agent. The obligations of the District under this Section 10 shall survive any termination of this Agreement and the resignation or removal of the Agent. The Agent shall have no access to the Tax Revenues deposited with it for the payment of its fees and other compensation.

11. *Representations and Warranties.* The District makes the following representations and warranties to the Agent:

(i) It is duly organized, validly existing, and in good standing under the laws of the state of its incorporation or organization and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(ii) This Agreement has been duly approved by all necessary action, including any necessary shareholder or membership approval, has been executed by its duly authorized officers, and constitutes its valid and binding agreement enforceable in accordance with its terms.

(iii) The execution, delivery, and performance of this Agreement will not violate, conflict with, or cause a default under its articles of organization, bylaws, management agreement or other organizational document, as applicable, any applicable law or regulation, any court order or administrative ruling or decree to which it is a party or any of its property is subject, or any agreement, contract, indenture.

(iv) The applicable persons designated to the Agent have been duly appointed to act as its representatives hereunder and have full power and authority to execute and deliver any Written Direction, to amend, modify or waive any provision of this Agreement and to take any and all other actions under this Agreement, all without further consent or direction from, or notice to, it or any other party.

(v) No party other than the parties hereto has, or shall have, any lien, claim or security interest in the Tax Revenues or any part thereof. No financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Tax Revenues or any part thereof.

(vi) All of its representations and warranties contained herein are true and complete as of the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

12. *Patriot Act/Identifying Information.* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Agent requires documentation to verify its formation and existence as a legal entity. The Agent may ask to see financial statements, licenses, or identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The District acknowledges that a portion of the identifying information set forth herein is being requested by the Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act") and agrees to provide any additional information requested by the Agent in connection with the Act or any other legislation or regulation to which the Agent is subject, in a timely manner. The District represents that all identifying information provided to the Agent, including without limitation, its Taxpayer Identification Number assigned by the Internal Revenue Service or any other taxing authority, is true and complete on the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

13. *Consent to Jurisdiction and Venue.* Each of the parties hereto irrevocably (a) consents to the exclusive jurisdiction and venue of the state and federal courts in Riverside, California, in connection with any matter arising out of this Agreement, (b) waives any objection to such jurisdiction or venue (c) agrees not to commence any legal proceedings related hereto except in such courts

14. *Notice.* All notices, approvals, consents, requests, and other communications hereunder (each, a "Notice") shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or electronic transmission to the address set forth below or to such other address as each party may designate for itself by like notice.

To the District: San Gorgonio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, CA 92220
Attention: Chief Executive Officer and Chief Financial Officer

To the Agent: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111

The Agent shall not have any duty to confirm that the person sending any Notice by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Agent to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Agent) shall be deemed original signatures for all purposes. The District assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices, including without limitation the risk of the Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Agent in lieu of, or in addition to, any such electronic Notice.

15. *Amendment, Waiver and Assignment.* This Agreement may be changed, waived, discharged or terminated only by a writing signed by the parties hereto. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Except as provided in Section 19, this Agreement may not be assigned by any party without the written consent of the other party.

16. *Severability.* To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

17. *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without giving effect to the conflict of laws principles thereof.

18. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Tax Revenues and sets forth in their entirety the obligations and duties of the Agent with respect to the Tax Revenues. Nothing in this Agreement, express or implied, is intended to or shall confer upon any person or entity (including, for the avoidance of doubt, and intended Tax Revenues recipient identified to the Agent in a Written Direction or otherwise), other than the signatory parties hereto and the Indemnified Parties, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

19. *Binding Effect; Successors.* All of the terms of this Agreement, as amended from time to time, shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the District and the Agent. No party may assign to any other person or entity any rights or obligations under this Agreement without the prior written consent of the other party, provided that if the Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the account contemplated by this Agreement) to another entity, the successor or transferee entity without any further act shall be the successor to the Agent.

20. *Execution in Counterparts.* This Agreement may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. The exchange of copies of this Agreement and of signature pages by facsimile transmission or email shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

21. *Termination.* Upon the disbursement of all Tax Revenues pursuant to Written Directions or pursuant to Section 5, Section 7 or Section 8 hereof, this Agreement shall terminate, the Agent shall be released from its obligations hereunder and the Agent shall have no further liability with respect to the Voter Approved Tax Revenue Account, the Non-Voter Approved Tax Revenue Account, this Agreement, or any action or refusal to take action hereunder.

22. *Dealings.* Nothing herein shall preclude the Agent from acting in any other capacity for the District or for any other person or entity.

23. *Optional Security Procedures.* In the event funds transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Agreement), whether in writing, by facsimile or otherwise, the Agent is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated in Section 14, and the Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing received and acknowledged by the Agent and shall be effective only after the Agent has a reasonable opportunity to act on such changes. The District agrees that the Agent may at its option record any telephone calls made pursuant to this Section. The Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the District to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Agent may apply any of the Tax Revenues for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to an agent other than the intended beneficiary's bank or intermediary bank. The District acknowledges that these optional security procedures are commercially reasonable.

24. **WAIVER OF TRIAL BY JURY.** TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO

WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

25. *Tax Reporting.* The District agrees to assume all obligations imposed now or hereafter by any applicable tax law or regulation with respect to payments or performance under this Agreement. Upon the Agent's request, the District shall provide the Agent with a Form W-9 or Form W-8, as applicable, for each payee, together with any other documentation and information requested by the Agent in connection with the Agent's reporting obligations under the United States Internal Revenue Code and related regulations (the "Code"). If such tax documentation is not so provided, the Agent is authorized to withhold taxes as required by the Code. The District shall accurately provide the Agent with all information requested by the Agent in connection with the Agent's reporting obligations under the Code. Except as otherwise agreed by the Agent in writing, the Agent has no tax reporting or withholding obligation except with respect to Form 1099-B reporting on payments of gross proceeds under Code Section 6045 and Form 1099 and Form 1042-S reporting with respect to investment income, if any.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A

VOTER APPROVED OBLIGATIONS

[Debt service schedule for the Voter Approved Obligations to be attached]

EXHIBIT B

NON-VOTER APPROVED OBLIGATIONS

[Debt service schedule for the Non-Voter Approved Obligations to be attached]

TAB I

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”)

2022 REVENUE BONDS MEMORANDUM

TO: Finance Committee, Board of Directors Meetings, CEO and CFO

FROM: Gary Hicks, President, G.L. Hicks Financial, LLC

DATE: February 15, 2022

SUBJECT: 2022 Revenue Bonds – March 1, 2022 Board Meeting

On March 1, 2022, the District’s Board of Directors (the “Board”) will be asked to approve Resolution No. 2022-05 (the “Initial Resolution”) authorizing certain officers of the District to take steps necessary for the issuance of revenue bonds (the “2022 Revenue Bonds”) and Ordinance No. 2022-01 to provide for the issuance of up to \$12,000,000 in revenue bonds by the District. **Adoption of this resolution does not give management the authority to issue the 2022 Revenue Bonds as final authority for issuance of the 2022 Revenue Bonds is not expected to be sought until its Board meeting on April 5, 2022, and that approval will be subject to the facts, circumstances and conditions that exist at that time.**

Current plans call for the 2022 Revenue Bonds to be split into two series of bonds, a taxable Series A Bond that will provide up to \$9,000,000 in working capital financing and a tax-exempt Series B Bond that will provide up to \$3,000,000 in equipment financing. Information regarding the proposed 2022 Revenue Bonds (both Series A and Series B) is provided below as background information:

Series A Bonds:

Not-to-exceed Par Amount	\$9,000,000
Use of Funds	District Working Capital
Structure of Debt	Taxable
Security for Bonds	Operating Ad Valorem Taxes
Bond Maturity/Term	10 to 15 years

Series B Bonds:

Not-to-exceed Par Amount	\$3,000,000
Use of Funds	Hospital Medical Equipment
Structure of Debt	Tax-Exempt
Security for Bonds	Operating Ad Valorem Taxes
Bond Maturity/Term	10 years

We have determined that the best option for the District is to privately place the proposed 2022 Revenue Bonds and to secure this financing utilizing a structure whereby the District provides holders of the 2022 Revenue Bonds with a security interest in its non-voter approved operating ad valorem tax revenues. This structure does require that the District enter into a Deposit & Transfer Agreement with U.S. Bank as independent agent for the District so that its non-voter approved operating ad valorem tax revenues are sent to U.S Bank, where these revenues are first used to pay debt service on the 2022 Revenue Bonds and any revenue bond debt on a parity with the 2022 Revenue Bonds prior to forwarding the excess non-voter approved operating ad valorem tax revenues to the District for use in Hospital operations. As such, we also are seeking approval of Resolution No. 2022-04 approving the Deposit & Transfer Agreement.

The following summarizes the purpose and general content of the Initial Resolution, the Deposit & Transfer Agreement Resolution and the Ordinance to be reviewed by the Board on March 1, 2022.

Initial Resolution No. 2022-05. The Initial Resolution allows management of the District to move forward with the proposed issuance of up to \$12,000,000 in new debt and is preliminary to a final resolution planned to be considered for approval by the Board at its meeting on April 5, 2022, subject to the facts, circumstances and conditions that exist at that time. This Initial Resolution describes the use of proceeds of the 2022 Revenue Bonds, establishes a limit as to the principal amount and final maturity of bonds authorized to be issued and engages various consultants to provide legal, placement agent and financial advisory services the District needs to complete the proposed financing. The Initial Resolution authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer, and other appropriate officers and officials of the District to take any and all necessary action needed to carry out the intended purposes of this Resolution but it does not commit the District to sell bonds. The Initial Resolution is required by the Local Health Care District Law of the State of California with Board approval and publication of this Resolution in advance of issuing new revenue bond debt by the District. **Requires 4/5ths approval (four yes votes).**

Deposit & Transfer Agreement Resolution No. 2022-04. The Deposit & Transfer Agreement Resolution, with respect to the proposed issuance of the 2022 Revenue Bonds, provides for the flow of non-voter approved operating ad valorem tax revenues from Riverside County to US Bank, as agent for the District, who then transfers the amount needed to U.S. Bank, as Trustee for the 2022 Revenue Bonds and any parity debt holders, to make the semi-annual debt service payments to bondholders of these bonds. This resolution describes how the District's non-voter approved operating ad valorem tax revenues are structured to provide for a flow of these revenues that are needed to improve the security for holders of the District's revenue bonds so that these bonds might be available to the District and so that interest rates received from the sale of these bonds will be lower than would otherwise be available. This resolution approves the Deposit & Transfer Agreement, in substantially final form, and authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer or their designees to execute and deliver the Deposit & Transfer Agreement. Requires majority approval.

This same Deposit & Transfer Agreement, provides similar benefits to the District with respect to the proposed issuance of the 2022 Refunding GO Bonds secured by the District's voter approved ad valorem tax revenues, by providing for the flow of funds from Riverside County to US Bank, as agent for the District, who then transfers the amount to BNY Mellon needed for payment of the District's semi-annual debt service payments on its general obligation bonds.

Ordinance No. 2022-01. The Ordinance is also required by the Local Health Care District Law of the State of California with approval and publication of this Ordinance in advance of issuing new revenue bond debt by the District. This Ordinance indicates the District plans to sell these revenue bonds via a private placement with no more that \$9,000,000 being sold as taxable bonds with the proceeds to be used for working capital purposes and no more than \$3,000,000 being sold as tax-exempt bonds with the proceeds to be used to purchase medical equipment for the Hospital. Finally, the Ordinance approves a Bond Purchase Agreement in substantially final form as presented at the Board meeting to be used for the sale of these revenue bonds and to be signed by the Board Chair, Vice Chair, Secretary or Assistant Secretary or by the District's Chief Executive Officer or Chief Financial Officer. This Ordinance is subject to referendum and therefore takes effect 30 days after it is approved. Requires majority approval.

TAB J

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-05

RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF REVENUE BONDS AND DESIGNATING A FINANCIAL ADVISOR, BOND COUNSEL, DISTRICT COUNSEL AND A PLACEMENT AGENT IN CONNECTION THEREWITH

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District proposes to issue its revenue bonds to provide funds for working capital purposes (the "Taxable Project") and to finance the acquisition and installation of capital equipment (the "Tax-Exempt Project").

WHEREAS, it is appropriate that the Board formally authorize commencement of proceedings, to designate a financial advisor, bond counsel, District counsel and a placement agent and to approve certain preliminary actions in connection with the execution and delivery of such bonds; and

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The District proposes to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable) (the "2022A Bonds"), to finance the Taxable Project, and its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds"), to finance the Tax-Exempt Project, and the Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to final approval thereof by the Board at a subsequent meeting.

Section 2. The estimated cost of the Taxable Project is \$8,820,000 and estimated cost of the Tax-Exempt Project is \$2,940,000.

Section 3. The principal amount of the 2022A Bonds will not exceed \$9,000,000, inclusive of project costs, reimbursement costs, reserves, capitalized interest and transaction costs financed with bond proceeds.

Section 4. The principal amount of the 2022B Bonds will not exceed \$3,000,000, inclusive of project costs, reimbursement costs, reserves, capitalized interest and transaction costs financed with bond proceeds.

Section 5. The interest rate on the Bonds shall not exceed 12 percent per annum payable semi-annually.

Section 6. The Bonds will be revenue bonds, payable exclusively from the revenues of the District derived from its non-voter approved operating *ad valorem* property taxes.

Section 7. G.L. Hicks Financial, LLC is hereby designated as financial advisor to the District in connection with the issuance and delivery of the Bonds.

Section 8. Quint & Thimmig LLP is hereby designated as bond counsel in connection with issuance and delivery of the Bonds.

Section 9. McDougal Love Boehmer Foley Lyon & Mitchell is hereby designated as District counsel in connection with the issuance and delivery of the Bonds.

Section 10. Hilltop Securities Inc. is hereby designated as placement agent for the Bonds.

Section 11. All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 12. The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

Section 13. The Secretary of the Board is directed to cause this resolution to be published pursuant to section 32318 of the California Health and Safety Code.

Section 14. This resolution shall take effect immediately.

* * * * *

The foregoing resolution was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES,

ABSENT,

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

TAB K

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

ORDINANCE NO. 2022-01

**ORDINANCE APPROVING A FORMAL AGREEMENT FOR
THE SALE OF SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT REVENUE BONDS SERIES 2022A (FEDERALLY
TAXABLE) AND SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT REVENUE BONDS SERIES 2022B**

WHEREAS, the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), a local health care district organized and existing under and pursuant to the Local Health Care District Law of the State of California (the "Law"), has determined to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable) (the "2022A Bonds"), in an aggregate principal amount of not to exceed \$9,000,000, pursuant to the Law, to finance working capital, and its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds"), in an aggregate principal amount of not to exceed \$3,000,000, pursuant to the Law, to finance the acquisition and installation of capital equipment;

WHEREAS, the District has determined that it is in the best interest of the District to sell the Bonds by private sale; and

WHEREAS, section 32320 of the Law requires the adoption of this ordinance prior to the sale of the Bonds;

NOW, THEREFORE, it is hereby ORDAINED, as follows:

Section 1. The Bonds shall be sold at private sale to such purchaser or purchasers as the Board shall specify.

Section 2. The formal agreement between the District and said purchaser, in the form of the bond purchase agreement on file with the Secretary of the Board and presented to this meeting, is hereby approved. The Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees are hereby authorized and directed to approve the final terms of the sale of the Bonds and to evidence the District's acceptance of the offer made thereby by executing and delivering the bond purchase agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The agreement between the District and the purchaser of the Bonds, and this ordinance, shall be subject to referendum.

Section 4. The Secretary of the Board is directed to cause this ordinance to be published pursuant to section 32321 of the California Health and Safety Code.

Section 5. This ordinance shall take effect thirty days after the date of its adoption.

* * * * *

The foregoing ordinance was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES, None

ABSENT, None

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

TAB L

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
Revenue Bonds, Series 2022A
(Federally Taxable)

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
Revenue Bonds, Series 2022B

BOND PURCHASE AGREEMENT

April 6, 2022

San Gorgonio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, CA 92220

Ladies and Gentlemen:

The undersigned, _____ (the "Purchaser") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the San Gorgonio Memorial Healthcare District (the "District"), which, upon acceptance, will be binding upon the District and the Purchaser. The undersigned Purchaser has been duly authorized to execute this Bond Purchase Agreement on behalf of the Purchaser and to act hereunder.

The District hereby acknowledges and agrees that (a) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Purchaser, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Purchaser is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District, (c) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the purchase of the Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the District on other matters) and the Purchaser has no obligation to the District with respect to the purchase of the Bonds contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, and (d) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, in connection with the issuance of the Bonds and the other matters contemplated by this Bond Purchase Agreement.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the

District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of up to \$_____ aggregate principal amount of San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022A (Federally Taxable) (the “2022A Bonds”), dated as of the date of their delivery, bearing interest at the rate and maturing on the date and in the amount set forth on Exhibit A attached hereto. The purchase price for the 2022A Bonds shall be \$_____ (which consists of the principal amount of the 2022A Bonds).

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby also agrees to purchase from the District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of up to \$_____ aggregate principal amount of San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022B (the “2022B Bonds” and, with the 2022A Bonds, the “Bonds”), dated as of the date of their delivery, bearing interest at the rate and maturing on the date and in the amount set forth on Exhibit A attached hereto. The purchase price for the 2022B Bonds shall be \$_____ (which consists of the principal amount of the 2022B Bonds).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in an indenture, dated as of April 1, 2022 (the “Indenture”), by and between the District and U.S. Bank National Association, as trustee (the “Trustee”)

The Bonds shall be limited obligations of the District payable from Revenues (as that term is defined in the Indenture) and secured by a pledge and assignment of the Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (excluding the Rebate Fund established under the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are authorized pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code (the “Law”), the Indenture and a resolution adopted by the Board of Directors of the District on April 5, 2022 (the “Resolution”).

(c) The proceeds from the sale of the 2022A Bonds will be used to (i) finance certain working capital needs of the District, and (ii) to pay the costs of issuance of the 2022A Bonds. The proceeds from the sale of the 2022B Bonds will be used to (i) finance the acquisition of certain capital equipment for the District, and (ii) to pay the costs of issuance of the 2022B Bonds

(d) At 10:00 A.M., Pacific Standard time, on April 14, 2022, or at such earlier or later time or date as shall be agreed by the District and the Purchaser (such time and date being herein referred to as the “Closing Date”), the District will direct the Trustee to deliver the Bonds to the Purchaser in the form of a separate single fully-registered Bond for each series, duly executed by the District and authenticated by the Trustee, and in Larkspur, California, and the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase prices of the Bonds as set forth in paragraph (a) of this Section 1 by wire transfer, payable in immediately available funds (such delivery and payment being herein referred to as the “Closing”).

2. Private Placement. The Purchaser represents and warrants to the District that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal and other obligations of a nature similar to the Bonds, to be able to evaluate the risks and merits of the acquisition of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a present intent to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the District and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the District set forth herein and in the information set forth in any materials submitted to the Purchaser by the District. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the District, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture.

(g) The Purchaser is an Approved Buyer, as defined in the Indenture. The Bonds have been privately placed with the Purchaser without the use of general solicitation or advertising.

3. Representations, Warranties and Agreements of the District. The District represents and warrants to, and agrees with, the Purchaser that:

(a) The District is and will be at the Closing Date duly organized and existing under the Constitution and laws of the State of California as a local health care district with the full power and authority to issue the Bonds, and to carry out and consummate the transactions contemplated by this Bond Purchase Agreement and the Indenture;

(b) When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of, and the performance by the

District of the obligations on its part contained in, the Bonds, the Indenture and this Bond Purchase Agreement;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending and served on the District or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, (ii) in any way contesting or affecting the validity of the Bonds, any proceedings of the District taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the District relating to the issuance of the Bonds, or (iii) which, if determined adversely to the interests of the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Indenture or this Bond Purchase Agreement or on the financial condition, properties or operations of the District;

(e) To the best of its knowledge, the execution and delivery of the Bonds, the Indenture and this Bond Purchase Agreement, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Bond Purchase Agreement or the financial condition, properties or operations of the District or its properties;

(f) To the best of its knowledge, the District is not in breach or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions described in the Indenture or this Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument;

(g) The District has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operation or condition, financial or otherwise, of the District since June 30, 20___, which has not been disclosed to the Purchaser, whether or not arising from transactions in the ordinary course of business;

(h) Other than issuance of the Bonds, between the date hereof and the date of the Closing, the District will not, without the prior written consent of the Purchaser, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(i) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations hereunder or under the Indenture, have been or will be duly obtained and no further consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction

over the District is or will be required for the issue and sale of the Bonds or the consummation by the District of the other transactions described in this Bond Purchase Agreement;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Purchaser as the Purchaser may reasonably request in order for the Purchaser to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions of the United States of America, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject; and

(k) The audited financial statements of the District for the fiscal year ended June 30, 2021, delivered to the Purchaser present fairly and accurately the financial condition and operations of the District for that period in accordance with generally accepted accounting principles and on a basis consistent with past accounting practices reflected in the prior fiscal year's audited financial statements.

The execution and delivery of this Bond Purchase Agreement by the District shall constitute a representation by the District to the Purchaser that the representations, warranties and agreements contained in this Section 3 are true as of the date hereof; provided that as to all matters of law the District is relying on the advice of counsel to the District; and provided further that no member of the governing body of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

4. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Purchaser, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Indenture and this Bond Purchase Agreement shall be in full force and effect in the form heretofore submitted to the Purchaser, with only such changes as shall be agreed to in writing by the Purchaser, and there shall have been taken in connection with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Quint & Thimmig LLP, Bond Counsel, shall be necessary and appropriate;

(b) At the Closing Date, the Indenture and this Bond Purchase Agreement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser;

(c) Between the date hereof and the Closing Date, the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), official statement, press release or other form of notice or communication

issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the Purchaser as the owner of the 2022B Bonds;

(ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis being such as, in the reasonable opinion of the Purchaser, would affect materially and adversely the ability of the Purchaser to purchase the Bonds;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, commercial banks similar to the Purchaser;

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (A) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (B) the execution and delivery of obligations of the general character of the Bonds, or the execution and delivery of the Bonds, including any or all underlying obligations, as contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) there shall have occurred any materially adverse change in the affairs or financial condition of the District.

(d) At or prior to the Closing Date, the Purchaser shall have received the following documents, in each case satisfactory in form and substance to the Purchaser:

(1) A copy of the Indenture, duly executed and delivered by the District and the Trustee, with such amendments, modifications or supplements as may have been agreed to in writing by the Purchaser;

(2) Approving opinions, dated the Closing Date and addressed to the District, of Quint & Thimmig LLP, Bond Counsel, together with letters from said Bond Counsel authorizing the Purchaser to rely on said opinion;

(3) A supplemental opinion, dated the Closing Date and addressed to the Purchaser and the District, to the effect that:

(i) the Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the Purchaser, is a valid and binding obligation of the District, subject to laws relating to bankruptcy, insolvency, reorganization arrangement, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against a local health care district in the State of California; and

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) An opinion dated the Closing Date and addressed to the District and the Purchaser, of McDougal Love Boehmer Foley Lyon & Mitchell, La Mesa, California, counsel to the District, in substantially the form attached hereto as Exhibit B;

(5) A certificate of the Chief Executive Officer of the District, or such other officer as is acceptable to the Purchaser, dated the Closing Date, to the effect that the representations and agreements of the District contained herein are true and correct in all material respects as of the Closing Date, to the effect that:

(i) no litigation is pending and served on the District or, to the knowledge of such officer, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Indenture, (b) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or this Bond Purchase Agreement, or (c) in any way contesting the existence or powers of the District;

(ii) since June 30, 20__, no material and adverse change has occurred in the financial position or results of operations of the District other than as disclosed to the Purchaser;

(iii) the District has not, since June 30, 20__, incurred any material liabilities other than in the ordinary course of business or as disclosed to the Purchaser; and

(iv) no proceedings are pending or threatened (1) in any way contesting or affecting the District's status as a local health care district or (2) to subject any income of the District to federal income taxation;

(6) A Certificate as to Arbitrage and Tax Compliance Procedures for the 2022B Bonds in form satisfactory to Bond Counsel;

(7) A copy of the completed Form 8038-G of the Internal Revenue Service for the 2022B Bonds, executed by the District;

(8) A certified copy of the Resolution authorizing the execution and delivery of the Bonds, the Indenture and this Bond Purchase Agreement;

(9) A certificate of the Trustee, dated the Closing Date and signed by an authorized representative of the Trustee, to the effect that:

(i) The Trustee is a duly organized and existing national banking association in good standing under the laws of the United States of America and has all necessary power and authority to enter into and perform its duties under the Indenture;

(ii) The Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture;

(iii) The Bonds have been duly authenticated and delivered by the Trustee;

(iv) The execution and delivery of the Indenture and the authentication and delivery of the Bonds and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under any law, administrative regulation, court decree, resolution, articles of association, bylaws or other agreement to which the Trustee is subject or by which it is or may be bound; provided, however, the Trustee need not make any representations and warranties with respect to compliance with any federal and state securities laws; and

(v) To the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served upon or threatened against the Trustee, affecting the existence of the Trustee, or the entitlement of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds or the collection of revenues pledged or to be pledged to pay the principal, redemption premium, if any, and interest represented by the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or the Bonds; or contesting the power or authority of the Trustee to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Bonds;

(10) An opinion of counsel to the Trustee in form and substance satisfactory to the Purchaser and Bond Counsel; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser, Bond Counsel or counsel to the Purchaser may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Purchaser' obligations contained in this Bond Purchase Agreement or if the Purchaser' obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate and neither the Purchaser nor the District shall have any further obligation hereunder.

5. Indemnity. The District shall, to the extent permitted by law, indemnify and hold harmless the Purchaser and its directors, officers, employees and agents (each, including the Purchaser, an "Indemnified Person") from and against any and all claims, suits, judgments, costs, losses, fines, penalties, damages, liabilities, and expenses, including expert witness fees and legal fees, charges and disbursements of any counsel (including in-house counsel fees and allocated costs) for any Indemnified Person ("Costs"), to the extent arising out of the negligence or willful

misconduct of the District, in connection with, or as a result of: (i) purchase of the Bonds or any pre-advice of its issuance any action or proceeding arising out of or in connection with the Bonds or the Indenture (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under the Bonds; (ii) any unauthorized communication or instruction (whether oral, telephonic, written, telegraphic, facsimile or electronic) (each an "Instruction") regarding the Bonds or error in computer transmission; (iii) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated; (iv) the fraud, forgery or illegal action of parties other than the Indemnified Person; (v) the enforcement of this Bond Purchase Agreement or any rights or remedies under or in connection with the Indenture or this Bond Purchase Agreement; and (vi) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of such Indemnified Person; provided, however, that such indemnity shall not be available to any Person claiming indemnification under (i) through (vi) above to the extent that such Costs are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from the negligence or willful misconduct of the Indemnified Person claiming indemnity. If and to the extent that the obligations of District under this paragraph are unenforceable for any reason, District shall make the maximum contribution to the Costs permissible under applicable law but no greater than its percentage of liability a determined by a court of competent jurisdiction.

6. Expenses. All reasonable expenses and costs of the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Purchaser, including printing costs, fees and expenses of the Trustee, California Debt and Investment Advisory Commission fees, fees and expenses of consultants and reasonable fees and expenses of Bond Counsel, counsel to the District and counsel to the Purchaser, shall be paid by the District.

7. Notices. Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing at the District's address set forth above; any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to _____, Attention: _____. The approval of the Purchaser when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Purchaser and delivered to the District.

8. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser), and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the District in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Purchaser, (ii) delivery of and payment for the Bonds hereunder, and (iii) any termination of this Bond Purchase Agreement.

9. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

10. Miscellaneous. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

11. Counterparts. This Bond Purchase Agreement may be signed in two or more counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures); all such counterparts, when signed by all parties, shall constitute but one single agreement.

Very truly yours,

_____, as Purchaser

By _____
Authorized Officer

Accepted and Agreed to:

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Name _____
Titlke _____

EXHIBIT A
MATURITY SCHEDULES

2022A Bonds			
Maturity (April 1)	Principal Amount	Interest Rate	Price

2022B Bonds			
Maturity (April 1)	Principal Amount	Interest Rate	Price

REDEMPTION PROVISIONS

2022A Bonds

Optional Redemption. The 2022A Bonds are subject to optional redemption prior to maturity, in whole or in part on any Interest Payment Date, from any source of funds, by paying a redemption price equal to the aggregate principal amount of 2022A Bonds to be redeemed, together with accrued interest to such date and a premium as set forth in the following table:

Redemption Period	Redemption Premium
-------------------	--------------------

Mandatory Sinking Fund Redemption. The 2022A Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2022A Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2022A Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Purchaser.

Sinking Account
Redemption Date

Principal Amount
to be Redeemed

Sinking Account
Redemption Date

Principal Amount
to be Redeemed

†Maturity

2022B Bonds

Optional Redemption. The 2022B Bonds are subject to optional redemption prior to maturity, in whole or in part on any Interest Payment Date, from any source of funds, by paying a redemption price equal to the aggregate principal amount of Bonds to be redeemed, together with accrued interest to such date and a premium as set forth in the following table:

Redemption Period

Redemption Premium

Mandatory Sinking Fund Redemption. The 2022B Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2022B Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2022B Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Purchaser.

Sinking Account
Redemption Date

Principal Amount
to be Redeemed

Sinking Account
Redemption Date

Principal Amount
to be Redeemed

†Maturity

EXHIBIT B

FORM OF OPINION OF COUNSEL TO THE DISTRICT

[Closing Date]

Re: \$_____ San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022A (Federally Taxable) and \$_____ San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022B

Ladies and Gentlemen:

We have served as counsel to the San Gorgonio Memorial Healthcare District (the "District") in connection with the issuance by the District of San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022A (Federally Taxable) (the "2022A Bonds"), and the issuance by the District of San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022B, in the aggregate principal amount of \$_____ (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds") in the aggregate principal amount of \$_____. The Bonds are issued pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code and are issued under and secured by an indenture, dated as of April 1, 2022 (collectively, the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are being sold pursuant to a Bond Purchase Agreement, dated April 6, 2022 (the "Bond Purchase Agreement"), between the District and _____, as purchaser.

The proceeds from the sale of the 2022A Bonds will be used to (i) finance certain working capital needs of the District, and (ii) to pay the costs of issuance of the 2022A Bonds. The proceeds from the sale of the 2022B Bonds will be used to (i) finance the acquisition of certain capital equipment for the District, and (ii) to pay the costs of issuance of the 2022B Bonds

In connection with this opinion, we have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. We also have assumed that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates. We have based our opinion upon our review of the following records, documents and instruments:

- (a) A copy of the Indenture.
- (b) A copy of the Bond Purchase Agreement.
- (c) Resolution No. _____ (the "Resolution") adopted by the District on April 5, 2022, authorizing the execution and delivery of the Bonds and the Transaction Documents (hereinafter defined).

The documents and instruments listed in items (a) through (c) above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge," such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the District. With your consent, we have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion. Except as described herein, we have undertaken no investigation or verification of such matters.

Based upon the foregoing and our examination of such questions of law as we have deemed necessary or appropriate for the purpose of this opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

(1) The District is a local health care district duly existing under the laws of the State of California, has full legal right, power and authority to enter into the Indenture and the Bond Purchase Agreement and to carry out and consummate all transactions contemplated by the Indenture and the Bond Purchase Agreement.

(2) The Resolution, approving and authorizing the execution of the Indenture, the Bond Purchase Agreement and the Bonds was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and voted.

(3) To our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending and served or threatened against the District to restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, contesting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or the Bond Purchase Agreement, contesting the existence or powers of the District with respect to the issuance of the Bonds or the security therefor wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Bond Purchase Agreement or the validity of the Bonds.

(4) The Bonds, the Indenture and the Bond Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto where applicable, are valid and binding limited obligations of the District enforceable in accordance with their terms.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. We disclaim any opinion as to the laws of any other jurisdiction and we further disclaim any opinion as to any statute, rule, regulation, ordinance, order or other promulgation of any regional or local governmental body. This opinion is based upon the law in effect on the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise. In connection with this opinion letter, we also have assumed the following: (a) consideration has been duly given under the Transaction Documents; (b) the District is the legal, beneficial and record owner of the collateral described in any Transaction Documents and the descriptions of collateral in the Transaction Documents sufficiently describe the collateral intended to be covered by such documents; (c) any lien documents are in suitable form, notarized if required, and duly filed or recorded with the appropriate government offices; (d) the Transaction Documents accurately describe the mutual understanding of the parties thereto, and that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms

of the Transaction Documents; (e) the information, factual matters, representations and warranties contained in the Transaction Documents, records, certificates and other documents we have reviewed are true, correct and complete; and (f) the other parties to Transaction Documents have the proper authority to engage in the transactions contemplated thereunder and at all times have complied and will comply with the Transaction Documents and related documents and with all applicable requirements governing their actions and will act in a commercially reasonable manner.

In connection with this opinion, we advise you that:

A. Enforceability is subject (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws of general applicability relating to or affecting creditors' rights, (ii) to general principles of equity, whether such enforcement is considered in a proceeding in equity or at law, (iii) to limitations imposed by applicable law or public policy on the enforceability of the indemnification provisions, and (iv) to the qualification that certain waivers, procedures, remedies, and other provisions of the Transaction Documents may be unenforceable under or limited by applicable law.

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality and good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

D. Section 1717 of the California Civil Code provides that, in any action on a contract where the contract specifically provides that attorneys' fees and costs incurred to enforce that contract shall be awarded either to one of the parties or to the prevailing party, then the party who is determined to be the party prevailing in the action, whether that party is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

E. Any provisions of the Transaction Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

F. Section 9109(d)(17) of the California Uniform Commercial Code (the "Code") provides that the secured transactions provisions of the Code do not apply to transfers by a government or governmental unit, and, therefore, the rights and remedies of the Trustee under the Transaction Documents which purport to incorporate rights and remedies under the Code may not be enforceable and as such, we express no opinion on such matters.

G. Any provisions of the Transaction Documents regarding another party's right to apply proceeds of fire or other casualty insurance policies or awards of damages in condemnation proceedings against the District's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

H. We assume that in the enforcement of any lien documents, all parties will act in accordance with applicable statutory and other legal requirements, including applicable case law and that enforcement of rights or remedies thereunder may be limited when imposing fees and charges in the event of default, upon acceleration of the District's obligations for transfers of interests, leases, or grants of junior encumbrances, attempting to secure a deficiency claim before exhausting the secured property or other remedies, among other things.

I. We have further relied on certain representations, warranties and covenants of the District in the Transaction Documents. Any variations may affect the opinions we are giving.

J. In connection with our opinion, we have not reviewed and express no opinion on (i) financial statements or covenants, financial or audit reports or the consents related thereto or similar provisions requiring financial calculations or determinations, (ii) provisions relating to the occurrence of a "material adverse effect" or similar words, or (iii) parol evidence bearing on interpretation or construction.

We express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents or the enforceability of any lien in the real property of the District; (b) any securities, tax, anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the District's obligations, and any other party's rights, under the Transaction Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in sections 544 and 548 of the federal Bankruptcy Code and section 3439 *et seq.* of the California Civil Code.

In rendering our opinion, we are expressing no opinion on the validity of the Bonds.

We furnish this opinion as counsel to the District and only the addressee and Quint & Thimmig LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,

TAB M

SAN GORGONIO MEMORIAL HOSPITAL

Medical Staff Services Department

M E M O R A N D U M

DATE: February 16, 2022

TO: Susan DiBiasi, Chair
Governing Board

FROM: Sherif Khalil, M.D., Chairman
Medical Executive Committee

SUBJECT: MEDICAL EXECUTIVE COMMITTEE REPORT

At the Medical Executive Committee held this date, the following items were approved, with recommendations for approval by the Governing Board:

Approval Item(s):

2022 Annual Approval of Policies & Procedures

The attached lists of policies & procedures are recommended for approval.

Performance Improvement

The following policies & procedures are recommended for approval:

2022 Patient Safety Program: Defines the safety, quality of care, treatment and services provided to our patients (See attached).

2022 Performance Improvement Plan: Performance or Quality Improvement is a collaborative approach to the continuous study and improvement of the processes of providing health care services to meet the needs of consumers and others (See attached).

2022 PI Project Prioritization Grid: This process will allow us to strategically align resource allocation decisions while successfully implementing projects (See attached).

Informational

New Surgery Chairman:

Jeh Yung, M.D., General Surgery

New Peer Review Representative for Surgery:

Aron Depew, M.D., General Surgery

SAN GORGONIO MEMORIAL HOSPITAL
2022 ANNUAL APPROVAL OF POLICIES & PROCEDURES

Title	Policy Area	Revised?
Acceptable History for Blood Bank Patients and their Testing	Clinical Laboratory	Revised
Central Venous Access Devices and Midline Removal	Nursing	Revised
Forensic Staff, Education & Education of	Nursing	Revised
Hemodialysis Nurse Orientation	Nursing	Revised
Management of Contract Services	Administration	Revised
QuickVue Dipstick Strep A test	Clinical Laboratory	Revised

SAN GORGONIO MEMORIAL HOSPITAL

2022 ANNUAL APPROVAL OF POLICIES AND PROCEDURES

Title	Policy Area	Revised?
Obstetrical Medical Screening Examination Standardized Procedure	Obstetrics	Revised
OR - Duties of the Circulating Nurse	Surgical Services	Revised
OR - Positioning the Patient	Surgical Services	Revised
OR - Tourniquet Use	Surgical Services	Revised
PACU - Criteria for Extubation in Recovery	Surgical Services	Revised
PACU - Post Anesthesia Care	Surgical Services	Revised
Perioperative Services Departments- Emergency Equipment	Surgical Services	Revised
Pre-operative - Surgical Screening Requirements	Surgical Services	Revised
Pre-Operative / Holding	Surgical Services	Revised
Pre-operative Assessment for Emergent Non-emergent and Other Invasive Procedures	Surgical Services	Revised
Surgical Services - Computer Downtime Procedure	Surgical Services	Revised
Surgical Services - Controlled Substance Administration	Surgical Services	Revised
Surgical Services - Monitoring of the Temperature of the Warming Units	Surgical Services	Revised
Surgical Services- Guidelines for Nursing Assessment and Documentation	Surgical Services	Revised



Origination: 03/2013
Approved: N/A
Last Revised: 01/2022
Policy Area: Performance Improvement
References:

2022 Patient Safety Program

Purpose:

The safety, quality of care, treatment, and services we provide for patients, depend on many factors including the following:

- An organization-wide culture that fosters patient safety as a priority for everyone who works in the hospital.
- The planning and provision of services that meets the needs of patients.
- The availability of resources (human, financial, and physical) for providing care.
- The existence of competent staff and other care providers.
- Ongoing evaluation of performance, as well as improvement.

The Patient Safety Program is designed to support and promote the mission, vision and values of San Geronio Memorial Hospital. The organization wide patient safety program is committed to promoting the safety of all patients, visitors, volunteers, physicians, healthcare workers, and students. The program is designed to reduce medical/health system errors and hazardous conditions by utilizing continuous improvement to support an organizational culture of safety. A safe and just culture is promoted and supported by the organization's leadership. This plan has been implemented through the integration and coordination of the patient safety activities of multiple safety organizations, teams, task forces, committees, departments, as well as patient care/patient support services with responsibility for various aspects of patient and associate safety, including but not limited to:

- BETA HEART Program
- BETA HEART (HQI Cares) Program
- Patient/Family Engagement Process
- Patient Experience Multidisciplinary Committee
- Homeless Patient Discharge Process
- Management of Sepsis Bundle
- C-Difficile Infection Monitoring
- Hospital-wide Associate Survey on Culture of Safety and Error Reporting (Every years)
- Security/Safety Risk Assessments
- Corporate Compliance/HIPAA
- EMTALA Regulations
- Employee Health Services/Workers Compensation
- EOC/Safety Committee - Life Safety/Emergency Preparedness/Hazard Vulnerability Assessments/ Statement of Conditions, Pro-Active Environmental Safety Rounds & Corrective Action Plans and EOC

Plans

- Infection Prevention and Control
- Adverse Events and Significant Near Miss Events (Root Cause Analysis and Corrective Action)
- Improve "Hand-Off Communication" throughout the organization (Safety Survey Issue)
- Hospital wide Quality Control
- Materials Management/Equipment Preventive Maintenance Program
- Monitoring for the Occurrence of "Clinical and Environmental Never Events"
- Department-specific Performance & Outcome Measures
- Core Measures, Promoting Interoperability and Regulatory Compliance
- Patient Complaint & Grievance Process
- Organization-wide Performance Improvement Monitoring Activities
- Pharmacy - Medication Error Reduction Plan (MERP)/Adverse Drug Reactions (ADR) & Medication Error Reporting
- Antibiotic Stewardship Program (Inpatient & Outpatient)
- Local, State & Federal Improvement Measures/Projects
- Medi-Cal Provider Preventable Conditions
- Continuous Survey Readiness

Scope & Applicability:

The Patient Safety Program is organization-wide in scope and applicability. It is applicable to all inpatient and outpatient services and sites of care provided by this hospital.

Philosophy:

San Geronio Memorial Hospital recognizes that a patient has the right to a safe environment, and an error free care experience. The organization commits to a culture of safety undertaking a proactive approach to patient safety and the identification and mitigation of medical errors and environmental safety hazards.

Definitions:

In its broadest context, a **medical error** is defined as *"the failure of a planned action to be completed as intended (error of execution) or the use of a wrong plan to achieve an aim (error of planning)."*²

A **near miss** is any process variation that did not affect the outcome but for which a recurrence carries a significant chance of a serious adverse event.

A **hazardous condition** is any set of circumstances (exclusive of the patient's disease or condition) that significantly increases the likelihood of a serious adverse outcome.

Roles & Responsibilities:

Leadership Team:

Defines and establishes an organization wide culture of safety that includes a "code of conduct" for all associates, including contract workers. Regularly holds "open discussions" with staff caring for patients to identify safety risks & barriers to safety facing patients and staff. Communicates to staff when their work improves safety. Reward and recognize those whose efforts contribute to safety. Establishes partnerships with physicians to align their incentives to improving safety and using evidence-based medicine.

Governing Body Leadership:

Final authority and responsibility for patient safety rests with the Board of Directors. This authority is delegated to the Medical Executive Committee for review of patient safety program activities. The Medical/ Executive Committee has empowered the hospital leadership and management teams with responsibility for implementing performance and patient safety improvement strategies in conjunction with the medical and hospital staff.

The Medical Staff Quality Council:

Ensures integration and assessment of organization wide patient safety needs through data collection, measurement, and data analysis. The Quality Council participates in the selection and prioritization of high-risk, problem-prone activities, systems and performance outcomes on an annual basis. The Committee delegates specific responsibilities for safety improvement efforts to the medical staff, leadership, EOC/Safety Committee, and the hospital Patient Safety & Performance Improvement Committee and makes recommendations regarding safety to the Medical Executive Committee.

Structure of Patient Safety Committees:

The Medical Staff Quality Council:

A medical staff committee responsible for quality, safety and performance concerns related to the medical staff, and the oversight of organization-wide performance improvement functions and activities (see Medical Staff Bylaws) as well as the patient safety program.

The Patient Safety/Performance Improvement Committee:

A hospital committee that focuses on hospital-wide patient safety and performance improvement monitoring and review activities including, but not limited to, department specific performance and outcome measures designed to identify opportunities for improvement, patient satisfaction reports, multidisciplinary PI Team projects, Staff Perceptions of Patient Safety & Error Reporting, compliance reports, Sentinel Event Alerts and Gap Analysis activities, FMEA & RCA Assessments, EOC/Hazardous Surveillance reports, etc. A Quarterly Summary report of the above activities is presented at the Medical Executive Committee and the Hospital Board of Directors.

The Safety/Environment of Care (EOC) Committee:

Responsible for the environment of care plans and reporting, trending and evaluating activities associated with those areas including, but not limited to, proactive Environmental Safety Rounds designed to identify safety hazards in the hospital environment so that corrective actions can be implemented, Hazard Vulnerability Assessments, Disaster Preparedness activities, Environmental Safety Fairs, Security Assessments, Staff Education & Training, etc. Bi-annual Summary reports from the EOC Committee are presented and discussed at the Medical Executive Committee and the Hospital Board.

The Infection Control & Pharmacy and Therapeutics Committee:

A medical staff committee dealing with prevention, control and surveillance of infections as well as medical therapeutic treatments, in particular blood review and medication review. The committee also oversees the required State of California Medication Error Reduction Plan (MERP) and the Antibiotic Stewardship Program. The committee reports to the Medical Executive Committee and the Hospital Board of Directors.

The Radiation Safety Committee:

A medical staff committee responsible for safety issues related to radiation safety in the diagnostic imaging department and throughout the organization. The committee reports to the Medical Executive Committee and the Hospital Board of Directors.

Program Elements:

Designing or Re-designing Systems and Processes:

When a new process is designed (or an existing process is modified) the organization will use information from both internal and external sources on designing safe systems, identifying potential failure modes, and reducing medical errors and unsafe conditions in the environment.

Identification of Potential Patient Safety Issues:

As part of its planning process, the hospital regularly reviews the scope and breadth of its services. Attendant to this review is an identification of high-risk care processes that, through the occurrence of an error, would have a significant negative impact on the health and well-being of the patient. Other areas of focus include:

- Process failures and concerns identified through the organization's patient safety/performance improvement program.
- Process concerns, issues and adverse outcomes are identified through the Verge Incident Reporting System.
- Process, system and standards compliance deficiencies identified as the result of findings by regulatory and/or accrediting agencies.
- Performance deficiencies identified as a result of root cause analysis (RCA), risk assessments, gap analysis, etc.

Performance Related to Patient Safety:

- When real, or potential safety issues or concerns have been identified through the established monitoring and review functions, mechanisms & committees of the organization, the leadership will prioritize intensified review and investigation activities based on the frequency and severity of the issue/concern, and provide the resources needed to improve the safety issue or concern.
- Performance and outcome data will be collected, aggregated, and analyzed to determine opportunities to improve high-risk processes related to patient safety and the reduction of risk to the patient population served.
- Opportunities to reduce errors that reflect the performance of the individual care provider are addressed, as appropriate through the Medical Staff peer review process or through the hospital's human resources policy(s).

Responding to Errors:

- The hospital is committed to responding to errors in a manner that supports the rights of the patient, the clinical and emotional needs of the patient, protects the patient and others from any further risk, and preserves information critical to understanding the proximal and root cause(s) of the error. To that end, the hospital has established a variety of policies and procedures to address these issues.

Levels of Response to Errors:

There are three major levels of response by the hospital to an error. Response is based on the severity of the error.

- Errors that are minor in nature and result in little or no harm (or risk of harm) to the patient may be aggregated and analyzed to see if there are any patterns or trends that would indicate process improvement opportunities. It is generally not necessary to address each error singularly.
- Errors that are near misses or have some sort of untoward effect on the patient but are not considered adverse events as defined by the hospital's adverse event policy, will be addressed through the hospital's quality review and risk management process. An intensive assessment or root cause analysis may or may not be performed.
- Errors that meet the hospital's definition of a Significant Adverse Event will be subjected to an intensive assessment and/or root cause analysis. (See adverse event policy).

Staff Involved in Errors:

The hospital recognizes that there may be a variety of causes when an error occurs. To that end, the hospital has defined processes to assist associates through the implementation of a Just Culture model.

- The Just Culture philosophy balances the need for an open and honest reporting environment with the end goal of creating a quality learning environment and culture. A fair and just culture improves patient safety by empowering employees to proactively monitor the workplace and participate in safety efforts in the work environment. Improving patient safety reduces risk by its focus on managing human behavior (or helping others to manage their own behavior) and redesigning systems. In a just culture, employees are not only accountable for their actions and choices, but they are also accountable to each other, which may help some overcome the inherent resistance to dealing with impaired or incompetent colleagues.

Educating the Patient on Error Prevention:

- The hospital recognizes that the patient is an integral part of the healthcare team. Therefore, patients will be educated about their role and responsibility in preventing medical errors. The Joint Commission "Speak Up" campaign education brochures are utilized in the education of patients regarding their safety.

Reporting of Adverse Events:

- The hospital has established mechanisms to report occurrences of medical errors and adverse events both internally and externally.
- Errors will be entered into the Verge Incident Reporting System. Adverse events are also reported to the appropriate manager, the Risk Manager and/or the medical staff entity.
- Errors will be reported to external agencies in accordance with applicable local, state, and federal law.

Evaluating the Effectiveness of the Program:

On an annual basis, the organization will evaluate the effectiveness of the patient safety program. Systems or process failures will be reviewed, and actions taken to improve safety. A report on this evaluation will be provided to the Leadership, Patient Safety & Performance Improvement Committee, Medical Executive Committee, and the Governing Body.

References:

Infection Control Plan

The Environment of Care Plans

The Risk Management Plan

The Medical Error Reduction Plan

The Emergency Preparedness Plan



Origination: 03/2013
Approved: N/A
Last Revised: 02/2022
Policy Area: *Performance Improvement*
References:

2022 Performance Improvement (PI) Plan

DEFINITION:

Performance or Quality Improvement is a collaborative approach to the continuous study and improvement of the processes of providing health care services to meet the needs of consumers and others. The improvement process depends on understanding and revising processes based on data, use of statistical tools for data analysis, and knowledge about the processes themselves. Performance/Quality Improvement activities involve:

- Identifying issues and establishing priorities.
- Developing measures of safety, quality and performance.
- Collecting data to evaluate status on outcomes, processes, or structures.
- Prioritizing improvement activities based on a measurement scale.
- Analyzing and interpreting data.
- Making and Implementing recommendations and actions for improvement.
- Assessing the effectiveness of the actions taken.
- Monitoring and sustaining performance improvement.

PURPOSE:

To establish and sustain an organization-wide planned, systematic, and interdisciplinary approach to improving the quality and safety of inpatient and outpatient care and services provided to the population served. The Performance Improvement Program focuses on maintaining and improving the quality and safety of important processes, systems, services and functions at San Gorgonio Memorial Hospital (SGMH). The objective is to deliver safe, cost-effective, and medically necessary quality health care and related services with competence, trust and sensitivity to our patients, physicians, and the community by the provision of patient services designed to achieve the intended outcome of the patient's treatment plan and ensure patient safety.

The fundamental principles of performance improvement are collecting data, analyzing the data, and taking actions to improve. Ongoing performance measurement includes the assessment of the key systems, processes and functions within the organization to ensure they are designed, or redesigned, to support a culture of quality and safety. The leaders create and maintain a culture of safety and quality throughout the organization and use hospital-wide planning to establish structures and processes that focus on safety & quality. SGMH provides the resources and training to the staff and empowers the associates to continuously improve programs and services. The Administrative, Medical Staff and Hospital Board Leaders of SGMH

determine performance improvement priorities annually and approve the design of the methods used to measure and improve organization wide performance and outcomes.

The entire organization is committed to assessing, improving and maintaining safe, high quality, cost effective health care services to our patients in compliance with all applicable laws, regulations and standards. The Performance Improvement Program supports the Mission, Vision and Core Values of the hospital.

AUTHORITY AND RESPONSIBILITY:

Leaders:

The organization's leaders have ultimate responsibility for performance improvement. They set performance improvement priorities and provide the resources needed to achieve improvement. The leaders promote participation for all associates in performance improvement activities.

Board of Directors:

The SGMH Board of Directors is responsible for the safety and quality of care provided by the medical and hospital staff members. The Board reviews and approves the Performance Improvement and Patient Safety Plans and the Performance Improvement Project Prioritization Grid on an annual basis.

The Board participates in the identification of priorities for improvement using the Mission, Vision, and Values of the organization, strategic planning goals, the review of performance improvement reports and data provided by the performance improvement staff, industry and community standards and trends, regulatory agency standards, guidelines, rules & regulations, and other available resources as a basis for decision-making.

Medical Executive Committee:

The Board of Directors delegates the development, implementation, monitoring and evaluation of the Performance Improvement Plan to the SGMH Medical Executive Committee (MEC). The MEC is responsible for improving the quality and safety of clinical care and service provided by the hospital staff and its medical staff.

Administration and Management:

The Board delegates the development, implementation, monitoring and evaluation of the PI Plan to the SGMH Administration and Management Team. The administration and management team are responsible for providing the time and financial resources needed to improve the operational quality of care, safety culture and services provided by SGMH and its staff.

Patient Safety/Performance Improvement Committee:

This hospital committee focuses on organization wide patient safety and performance improvement monitoring and review activities including, but not limited to, department specific performance and outcome measures designed to identify opportunities for improvement, patient satisfaction reports, multidisciplinary PI Team projects, staff perceptions of patient safety and error reporting, Core Measure Reports, Patient Safety Organization quality measure reports, regulatory agency deficiencies & related action plans for correction, compliance reports, adverse events, and gap analysis activities, failure mode effects analysis and root cause analysis assessments, Environment of Care surveillance reports, provider-preventable conditions reports, etc. A quarterly summary report of the above activities is presented at the Medical Executive Committee and the Governing Board meetings.

DESIGNING PROCESSES AND SERVICES:

When designing a new or modified process or service, SGMH will strive to assure it is designed well. The following criteria are utilized to determine the effectiveness of design:

- The design is consistent with the Mission, Vision, Values and organizational objectives of SGMH.
- The design meets the needs of the individuals served, organization, medical staff, and key stakeholders.
- When clinical processes are involved, the design is sound and consistent with acceptable national and/or community standards of care.
- The design is consistent with sound business practice and reflects stewardship of resources.
- The design, as appropriate, incorporates information about new technology and/or the performance of similar design(s) in other organizations.
- The design, as appropriate, incorporates information from other organizations about "failure modes" and the "occurrence of adverse events".
- The design incorporates the results of performance improvement activities.

ESTABLISHING PERFORMANCE MEASURES:

SGMH will establish measurements to monitor its performance and patient care outcomes. The scope of measurement will take into consideration, and be consistent with the care and services provided, as well as the critical functions of the organization.

Criteria:

The following criteria is used to determine the scope and prioritization of performance measurement and improvement:

- Assure the safety of the environment of care.
- Assure the safety of the providers of care and the recipients of care.
- Further the Mission and strategic objectives of SGMH.
- Meet legal, regulatory, licensing and accreditation requirements.
- Establish the effectiveness, timeliness, and stability of processes that are high-risk, high-volume or problem-prone.
- Establish desirable outcomes of care for at risk populations.
- Determine the effectiveness of the design of new or modified services.

Scope of Performance Measurement:

Based on the application of the above criteria, the following care, services, and functions are monitored and/or measured:

- HEART Program
- BETA HEART (HQI Cares) Program
- Patient/Family Engagement Activities
- Patient Experience Multidisciplinary Committee
- Management of Sepsis Bundle
- C-Difficile Infection Monitoring
- Homeless Patient Discharge Process
- EMTALA Review

- Risk Management/Error Prevention activities
- Utilization Review/Case Management/Discharge Planning & Social Services
- Core Measures
- Medication Error Reduction Program (MERP)
- Antibiotic Stewardship Program (Inpatient & Outpatient)
- Organization-wide Culture of Safety
- Quality Control Activities
- Staff Opinions and Education Needs
- Outcomes of Selected Processes or Services
- Control & Prevention of Infection
- Survey on Perceptions of Patient Safety & Reporting Errors in Healthcare
- Performance of Operative, Invasive and Non-Invasive Procedures that Place Patients at Risk (Inpatient & Outpatient)
- Use of Blood and Blood Components
- Use of Restraints
- Care and Service to High-Risk Populations
- Outcomes related to "Rapid Response Team" interventions and Cardio-Respiratory Resuscitation (Code Committee)
- Outcomes Related to the Use of Procedural Sedation
- Adverse Events/Significant Near Misses
- Patient Complaints/Grievance Process
- Federal & State Required Improvement Projects
- Hospital Improvement Collaboratives (QIP, BETA HEART, etc.)
- Medi-Cal Provider Preventable Conditions
- Value-Based Purchasing Program
- Continuous Survey Readiness

Measurement of the above areas may be organization-wide in scope, targeted to specific areas, departments and services, or focused on selected populations. Measurement may also be ongoing, time limited, episodic, intensive, or recurring. The duration, intensity, and frequency of a particular performance measure are based on the needs of the organization, external requirements, and the result of data analysis.

Data Collection and Aggregation:

Collecting data is the foundation of performance improvement. You can't improve unless you've measured first (baseline).

Purpose:

The purpose of data collection is to:

- Establish a baseline level of performance.
- Determine the stability of the process.
- Determine the effectiveness of a process or desirability of an outcome as compared to internal or external targets (benchmarks).
- Identify opportunities for improvement.
- Identify the need for more focused data collection.
- Determine whether improvement has been achieved and/or sustained.

Structure:

Performance measures require structure to assure that data is appropriately identified, collected, aggregated, displayed, and analyzed. In general, this structure should consist of:

- A definition of the measure – including the dimensions of performance being measured.
- The population to be measured (including, when appropriate, criteria for inclusion and/or exclusion).
- The type of measurement (i.e., rate based or event based).
- The minimum sampling size to assure statistical validity.
- The frequency of data collection/aggregation.
- The methodology by which data will be collected.
- The entity/individual(s) primarily responsible for data collection.
- The manner in which aggregated data will be displayed.
- The entity(s) to which the aggregated data will be reported for analysis and action.

Assessment of Performance:

Data on performance measures will be analyzed to identify "opportunities for improvement". There are two basic approaches utilized by SGMH to assess performance and/or outcomes:

Assessment of Aggregated Data:

Data on "rate based" performance measures are aggregated to determine patterns, trends, and variation (common or special cause). Data may be aggregated for a single point in time or over time, depending on the needs of the organization and the reason for monitoring the performance or outcome. In general, measurement designed to establish the desired stability of a process or desired outcome will be measured over time until target levels of performance are met. Once a process is considered stable, and/or a desired level of performance has been achieved, then an assessment of performance measures may be conducted in a more episodic fashion.

Data that is "event-based" is assessed in singular or aggregated form depending on the number of data elements in the performance measure. In general, event-based measurements are monitored on an ongoing basis.

Intensive Assessments:

Data will be intensively assessed when SGMH detects or suspects a significant undesirable performance or variation. Intense analysis is called for when:

- Levels of performance, patterns, or trends vary significantly and undesirably from those expected.
- Performance varies significantly and undesirably from that of other organizations or recognized standards.
- An adverse event has occurred.
- There is a confirmed hemolytic transfusion reaction.
- There is a significant medication error.
- There is a significant adverse drug reaction.
- There is a major discrepancy or pattern of discrepancy between preoperative and postoperative diagnosis – including those identified during pathologic review of specimens removed during surgical or invasive procedures.
- There is a significant adverse event associated with anesthesia.

IMPROVING PERFORMANCE:

Performance Improvement Model:

SGMH will undertake efforts to improve existing processes and outcomes, and then sustain the improved performance. To accomplish this, SGMH has adopted a performance improvement model – PDCA. This model is explained below:

P = **Plan** to Implement Action

D = **Do** Implement the Plan

C = **Check** the Results

A = **Act** on the Findings

"Rapid-Cycle PDCA" is utilized when there is a need for rapid action and improvement on a high-risk issue or concern. These performance improvement models are utilized formally or informally in improvement efforts throughout the organization.

Sustaining Performance:

SGMH also recognizes that in order for performance improvement to be sustained, key staff must be educated about redesign of processes or other changes that are being implemented. To that end, the following processes have been established:

- The results of performance and improvement activities are communicated, as appropriate, to the Medical Staff and hospital staff through their respective organizational structures.
- The Board of Directors receives regular reports on the organization's performance and improvement activities.
- The input of key staff is sought to identify problem-prone areas and opportunities for improvement.

Annual Evaluation:

On an annual basis, this plan will be evaluated to determine if any changes to the scope or content must be made. The SGMH Performance Improvement Director will facilitate this review. Any changes or recommendations will be forwarded to the Patient Safety & Performance Improvement Committee, the Medical Executive Committee and the Board of Directors for review and approval.

Attachments

No Attachments

Approval Signatures

Step Description	Approver	Date
	Peter Kim: Director of Quality and Patient Safety	pending

SAN GORGONIO MEMORIAL HOSPITAL
2022 Performance/Process Improvement Project Prioritization Grid

Approved by Executive Team: _____ Date: _____

Approved by Medical Executive Committee: _____ Date: _____

Approved by Governing Board: _____ Date: _____

Proposed Project	Reason for Inclusion Check all that Apply					Significance of Issue			Severity of Issue			Prevalance of Issue			Total Points	Ranking	Outcome Check One			
	High Risk = 1 pt	Problem Prone = 1 pt	Improved Outcomes = 1 pt	Patient Safety = 1 pt	Quality of Care = 1 pt	Low Significance = 1 pt	Moderate Significance = 2 pt	High Significance = 3 pt	Low Severity = 1 pt	Moderate Severity = 2 pts	High Severity = 3 pts	Isolated & Localized = 1 pt	Multiple Areas = 2 pts	Organization Wide = 3 pts			Enter Total Number of Points	Highest to Lowest Point Total	Project Approved	Project Tabled
COVID Response Activities	X	X	X	X	X			X			X			X	14	#1				
Inland Empire Health Plan (IEHP) Beta Heart HQI Cares Program	X	X	X	X	X			X			X			X	14	#1				
HEART Program Team Response to Adverse Events Organization-wide	X	X	X	X	X			X			X			X	14	#1				
Leapfrog Hospital Survey/ Hospital Safety Grade	X	X	X	X	X			X		X			X		13	#2				
Patient Experience Multidisciplinary Committee Continued from 2020		X	X	X	X			X			X			X	13	#2				
Management of Sepsis - Multidisciplinary Team (Patient Safety & Problem-Prone) Continued from 2020	X		X	X	X			X			X			X	13	#2				
Quality Incentive Pool (Formerly Prime)	X	X	X	X	X			X			X		X		13	#2				
IEHP Pay 4 Performance Program		X	X	X	X			X		X			X		11	#3				
Homeless Patient Discharge Process (State Law) Continued from 2020	X	X	X	X	X		X			X			X		11	#3				
Patient & Family Engagement Process Multidisciplinary Team (CMS Regulation/Patient Safety)		X	X	X	X		X			X				X	11	#3				
Antibiotic Stewardship - Appropriate Antibiotic Use Team - Ongoing Inpatient & Outpatient	X		X	X	X		X			X			X		10	#4				

TAB N

POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of March 1, 2022

	Title	Policy Area	Owner	Workflow Approval
1	2022 Patient Safety Program	Performance Improvement	Kim, Peter: Director of Quality and Patient Safety	Ariel Whitley for Hospital Board of Directors
2	2022 Performance Improvement (PI) Plan	Performance Improvement	Kim, Peter: Director of Quality and Patient Safety	Ariel Whitley for Hospital Board of Directors
3	Acceptable History for Blood Bank Patients and their Testing	Clinical Laboratory 2	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
4	Bomb Threat - Code Yellow	Emergency Preparedness 2	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
5	Central Venous Access Devices and Midline Removal	Nursing 2	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
6	Code Blue Response - Security Department	Security 2	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
7	Disclosure of Adverse Outcomes or Unanticipated Events	Administration 2	Brown, Pat: Chief Nursing Officer	Ariel Whitley for Hospital Board of Directors
8	Engineering Department - Disaster Plan	Emergency Preparedness 2	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
9	Forensic Staff, Education & Education of	Nursing 2	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
10	Hemodialysis Nurse Orientation	Nursing 2	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
11	Laboratory Quality Control (QC) Program	Clinical Laboratory 1	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
12	Laboratory Services Disaster Plan	Emergency Preparedness 2	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
13	Maternal-Child Health/Obstetrics Disaster Plan	Emergency Preparedness 2	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors

POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of March 1, 2022

	Title	Policy Area	Owner	Workflow Approval
14	Obstetrical Medical Screening Examination Standardized Procedure	Obstetrics 7	Gunther, Rhonda: Director of OB	Ariel Whitley for Hospital Board of Directors
15	OR - Duties of the Circulating Nurse	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
16	OR - Positioning the Patient	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
17	OR - Tourniquet Use	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
18	PACU - Criteria for Extubation in Recovery	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
19	PACU - Post Anesthesia Care	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
20	Pathology Reports Received in Medical Record Department	Medical Records 2	Palmer, Linda: Director, Health Information Management	Ariel Whitley for Hospital Board of Directors
21	Perioperative Services Departments- Emergency Equipment	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
22	Pre-operative - Surgical Screening Requirements	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
23	Pre-Operative / Holding	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
24	Pre-operative Assessment for Emergent Non-emergent and Other Invasive Procedures	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
25	QuickVue Dipstick Strep A test	Clinical Laboratory 3	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
26	Surgical Services - Computer Downtime Procedure	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
27	Surgical Services - Controlled Substance Administration	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors

POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of March 1, 2022

	Title	Policy Area	Owner	Workflow Approval
28	Surgical Services - Monitoring of the Temperature of the Warming Units	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
29	Surgical Services- Guidelines for Nursing Assessment and Documentation	Surgical Services 4	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors

TAB O

WHEN YOU CARE WITH PASSION, YOU HEAL WITH COMPASSION



**SAN GORGONIO
MEMORIAL HOSPITAL**

Since 1951 we've provided the best possible healthcare to our community. Whether you're new to the area, or have lived here for generations, San Gorgonio Memorial Hospital is here to care for you.

600 N. Highland Springs Ave., Banning, CA
951-845-1121 | www.sgmh.org

A regional stay-at-home order remained in effect

across the state due to the pandemic.

San Geronio Memorial Hospital began offering doses of the Moderna mRNA vac-

cine to its essential workers.



Photo by Ondi Simmons
Ondi Simmons receives Moderna mRNA vaccine.



San Geronio Memorial Hospital campaigns to let the

public know that, despite the pandemic, "It's OK for patients to visit the emergency room."

Beaumont continues its official decree that the city is still in a COVID-19 state of emergency.

WHEN EVERY SECOND COULD SAVE YOUR LIFE



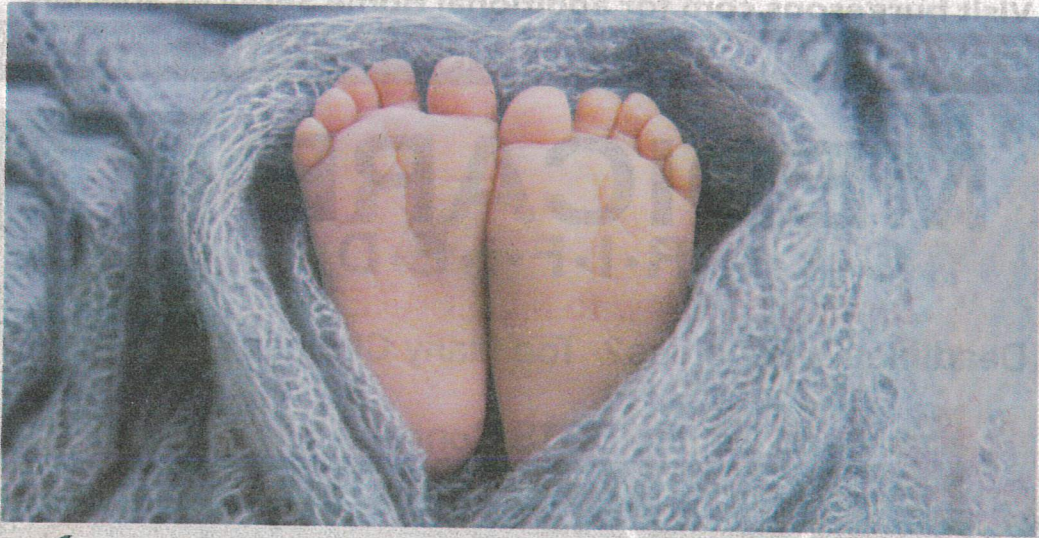
SAN GORONIO
MEMORIAL HOSPITAL

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Big Dreams Small Toes



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